

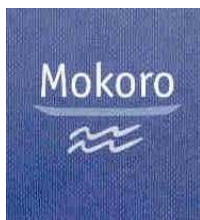
# **Evaluation of Development Cooperation between Mozambique and Denmark, 1992–2006**

## **WORKING PAPER 02 AGRICULTURE, RURAL DEVELOPMENT AND FISHERIES**

**Martin Adams**

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Mokoro Ltd  
87 London Road  
Headington, Oxford,  
OX3 9BE, UK  
Tel: +44 1865 741241  
Fax: +44 1865 764223  
[mokoro@mokoro.co.uk](mailto:mokoro@mokoro.co.uk)

**ECORYS**  
Research and Consulting



ECORYS Nederland BV  
PO Box 4175  
3006 AD Rotterdam  
Watermanweg 44  
3067 GG Rotterdam  
The Netherlands

Tel: +31 10 453 88 00  
Fax: +31 10 453 07 68  
[netherlands@ecorys.com](mailto:netherlands@ecorys.com)

## Preface

In 2007, Danida and the Ministry of Planning and Development of Mozambique commissioned an independent evaluation of Danish assistance to Mozambique over the period from 1992–2006.

The Terms of Reference<sup>1</sup> described the evaluation's purpose as follows:

*The overall purpose of the evaluation is to assess how Danish aid has responded to the rapidly changing circumstances in the aid context and development needs in Mozambique – not just through its choice of modalities but as much through its choice of partners, time perspectives, geographical and institutional focus, etc? What lessons can be learned from the Danish support that may be useful for the future development assistance to Mozambique and other countries?*

This is one of 12 Working Papers prepared by the evaluation team (see the References for a full list). The Working Papers were intended as stepping stones towards the synthesis report. At the draft stage they were translated into Portuguese, and the evaluation team received extensive comments on them. These final drafts (also available in both English and Portuguese) take account of the comments received, but the views expressed remain the responsibility of the authors.

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<sup>1</sup> The TOR are appended to the Synthesis Report of the evaluation.

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## Abbreviations and Acronyms

A&RD	Agriculture and Rural Development Strategy
ADB	African Development Bank
ADF	African Development Fund
ADIPSA	Support to Private Sector Development Initiatives in Agriculture <i>Apoio Desenvolvimento de Iniciativas Privadas no Sector Agrário</i>
ANE	National Roads Administration
ASPS	Agricultural Sector Programme Support
ASR	Annual Sector Review
BSF	Belgian Survival Fund
CDR	Centre for Development Research
CFA	Agricultural Training Centre <i>Centro de Formação Agrária</i>
CFFM	Common Flow of Funds Mechanism
CLUF	Community Land Use Fund
CMU	Component Management Unit
CPs	Fisheries cooperatives or support stations <i>Combinados Pesqueiros</i>
DAC	Development Assistance Committee
Danida	Danish International Development Assistance
DER	Department of Regional Roads
DFID	Department for International Development (UK)
DKK	Danish Kroner
DME	Danish Mozambique Evaluation
DNP	National Directorate of Fisheries <i>Direcção Nacional de Pescas</i>
DPAP	Provincial Directorate for Agriculture and Fisheries (under MAP)
DPPF	Provincial Directorate of Planning and Finance
DWG	Donor Working Group
EC	European Commission
EU	European Union
FAO	Food and Agriculture Organisation
FRELIMO	Front for the Liberation of Mozambique
FSPS	Fisheries Sector Programme Support
GAPI	Unit for Consultancy and Assistance to Small Industries
GBS	General Budget Support
GDBS	General Direct Budget Support
GNP	Gross National Product
GOM	Government of Mozambique
GTZ	German Technical Cooperation Agency
HIV/AIDS	Human Immuno-deficiency Virus/Acquired Immune Deficiency Syndrome
ICEIDA	Icelandic International Development Agency
IDA	International Development Association (of the World Bank)
IDPPE	Institute for Small Scale Fisheries Development <i>Instituto de Desenvolvimento de Pesca em Pequena Escala</i>
Ibis	Danish NGO – successor to WUS
IFAD	International Fund for Agricultural Development
IFI	International Finance Institution
IIAM	Mozambican Institute for Agricultural Research <i>Instituto de Investigação Agrária de Moçambique</i>

IIP	Institute for Fisheries Research <i>Instituto de Investigação Pesqueira</i>
IMF	International Monetary Fund
INIA	National Institute for Agricultural Research <i>Instituto Nacional de Investigação Agrónomica</i>
IRD	Integrated Rural Development
ISNAR	International Service for National Agricultural Research
JICA	Japan International Cooperation Agency
LFA	Logical Framework Analysis
MADER	Ministry of Agriculture and Rural Development
MAP	Ministry of Agriculture and Fisheries
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MOF	Ministry of Finance
MONAP	Mozambique Nordic Agricultural Programme
MOU	Memorandum of Understanding
MPD	Ministry of Planning and Development
NA	Not Available
NCG	Nordic Consulting Group
ND	Non-Danida
NDF	Nordic Development Fund
NGO	Non Governmental Organisation
Norad	Norwegian Development Agency
ODA	Official Development Assistance
ODI	Overseas Development Institute, London
OECD	Organisation for Economic Cooperation and Development
ORAM	Rural Association for Mutual Support
PAAO	Annual Activity Plan and Budget
PAMA	Agricultural Markets Support Programme (IFAD-funded project)
PARPA	Poverty Reduction Action Plan
PCR	Programme Completion Report
ProAgri	The National Agricultural Programme
PSR	Public Sector Reform
RDE	Royal Danish Embassy
SBS	Sector Budget Support
SC	Steering Committee
SPS	Sector Programme Support
SWAp	Sector Wide Approach
TA	Technical Assistance
UNDP	United Nations Development Programme
UK	United Kingdom
USAID	United States Agency for International Development
WB	World Bank
WP01	DME Working Paper 1, etc.
WUS	World University Service
ZRC	Zonal Research Centre

## Executive Summary

### The early period

- 1 Mozambican peasants bore the brunt of the war of independence and the subsequent civil war which spread through the countryside in the 1970s and 1980s, resulting in the widespread destruction of lives and livelihoods and the displacement of millions. Conditions were exacerbated by periodic flood and drought. Over the period, agricultural and fisheries policies changed from colonial restriction to state control, followed in the 1990s by the dismantling of state involvement. Each stage further undermined rural livelihoods, increased income inequalities and resulted in further dissatisfaction and alienation of the peasantry.
- 2 Danish assistance to Agricultural and Rural Development (A&RD), under the umbrella of the Mozambique Nordic Agricultural Programme (MONAP), began shortly after independence, mainly in the form of humanitarian relief, and continued during the 1980s. This development cooperation brought Danes and Mozambicans closer. Young Nordics began their professional careers working with the government and people of Mozambique as *cooperantes*. They were subsequently recruited by international NGOs and agencies, particularly Danida, and continued their work in war-torn Tete and Zambézia provinces. Although now fading, this legacy of friendly relations survives in continuing bilateral cooperation between Denmark and Mozambique to the benefit of rural development.

### Danish assistance to fisheries (1992–2002)

- 3 The Peace Accord in 1992 sparked an expansion in the scale and scope of development assistance. Fisheries had been receiving assistance from Nordic countries for at least a decade before the Peace Accord, partly because it was a sector less affected by the war which was raging in the interior and also because of the comparative advantage of Nordics in coastal fishery. The DME findings with regard to Danish assistance to fisheries are based on information contained in the archives. No interviews were conducted of those involved in this aspect of the development cooperation which was finally terminated in 2002, following a decision to phase out support in 1995.
- 4 Parastatals dominated the processing and marketing of fish products in socialist Mozambique, not only in the industrial and semi-industrial sub sectors, but also in artisanal fisheries which were organised into cooperatives and supplied with consumer goods in exchange for fish products. Danida's advisers had worked with these state agencies, but less with ordinary fisherfolk. Assistance to fisheries in the early 1990s was conceived in advance of economic policy reforms and the assumptions on which the aid was based were often no longer relevant. Lack of flexibility on Danida's part (see paragraph 5.3), and delays and indecision by GOM, led to poor results.
- 5 In the mid-1990s, following a master-planning exercise assisted by Danida, a decision was made to phase out assistance to artisanal fisheries and support a sector programme for semi-industrial fisheries on the Sofala Bank, linked to shore-based processing. The decision received some criticism, but this was rejected, partly on the basis of Denmark's comparative advantage. In the event, the assistance was seriously undermined by government policy changes; in particular the decision permitting semi-industrial vessels to have freezers on



board, just as the sector programme inception report was being prepared in January 1997. Danida advisers argued that the government's policy would lead to the over-exploitation of the Sofala Bank and block the development of shore-based processing in Mozambique. Given assurances from GOM that it would restrict quotas and manage marine resources, the sector programme continued for another two years, but was eventually curtailed in 1999, and phased out entirely in 2002.

### **Danish aid to A&RD in Tete in the 1990s**

- 6 The Tete agricultural project extended from 1985 to 1999, after which Danida channelled its aid to small-scale agriculture through a basket funding mechanism. The project went through several phases; starting with the emergency supply of agricultural inputs, slowly developing more comprehensive support and ending with the objective of enabling the Provincial Directorate of Agriculture to take over activities on Danida's withdrawal. It is on this fourth phase, covering six or seven years, that an evaluation by the (Danish) Centre for Development Research focused attention in 2002 (F009). The CDR found that for a number of reasons (the civil war, the location of the project in a politically contested area, the manner in which agricultural inputs had been freely distributed, and the lack of substance to the 'extension message') the project had very limited impact on the livelihood of the majority of small farmers. On the basis of the situation in 2001–2, when very little funding was reaching the province and work had come to a standstill, it was concluded by CDR that Danida had perhaps been mistaken in handing over the project to the government, if its objective had been poverty alleviation in Tete.

### **Danish support to ProAgri**

- 7 In the 1990s, Danida's projects in Tete and Zambézia were just two of some 180 grant-funded A&RD projects in Mozambique that were not planned or executed in terms of any national strategic vision. Meanwhile, the Ministry remained weak and marginalised. In 1996, the principal bilateral donors, the European Commission and the World Bank, agreed in principle to support a basket-fund mechanism for A&RD. It was decided that donors would move away from financing discrete projects and instead commit funds to a commonly agreed programme of expenditure. Danida took a leading role in the staffing and funding of the planning and preparation process. In 2000 Danida joined other donors in disbursing funds through ProAgri's common funding mechanism. It was several years, however, before the financial systems were sufficiently robust to ensure that funds regularly reached the provinces. Hence the hiatus in Tete and elsewhere in 2001–2.
- 8 Since its establishment, several independent evaluations of ProAgri have been conducted. There is general agreement that progress has been made in setting up the common funding mechanism, the planning and budgeting framework, and the financial and reporting arrangements. However, there is so far no hard evidence that ProAgri has significantly improved the capacity of the Ministry to deliver services to smallholders. It is said that the partners have become distracted by the means but lost sight of the ends. The changes made in 2005 by the new government to the Ministry responsible for A&RD, which resulted in a reduction in its powers, may have been a response to its failure to deliver on its promises to increase the production and income of the family farm sector. The dilemma is now how to hold on to the investments made in ProAgri while moving to a more decentralised and multi-sector model for delivery of rural development.

### **Agriculture Sector Programme Support (ASPS) Phase I (1999–2005)**

- 9 Denmark aimed to assist the family farming sector by: (i) contributing to national public expenditure for agricultural development incurred by MADER (i.e. to the ProAgri common fund mechanism); (ii) contributing to the rehabilitation and maintenance of Rural Roads at the provincial level; and (iii) initiating assistance to Private Sector Development (PSD) to facilitate the marketing of inputs and outputs. Assistance to the second and third items was provided by ASPS outside ProAgri. A fourth initiative was the INIA-ISNAR-Danida Project 1999–2002, a collaborative project aimed at the improvement of agricultural research and management capacity in Mozambique.
- 10 All of these initiatives, in one way or another, reflected Danida's understandable concern to contribute to the policy debate at the national level, to be involved with the practical aspects of developing the functional components of the agricultural system (i.e. production, training and extension, research, marketing, input supply and credit and regulation) and, most importantly, to remain committed to the realities of small-scale agriculture on the ground in selected areas by providing technical assistance in three provinces, while grappling with the cross-cutting issues of gender, the emerging problems of HIV/AIDS and environmental protection and management.
- 11 ASPS-II (2006–2010) has followed the approach adopted during ASPS-I with few changes, but the programme is in increasing difficulty in meeting tests of coherence and relevance. The basket-funding of ProAgri, which has been central to the ASPS strategy, no longer gives reason for confidence. In November 2007, the Ministry of Agriculture was reported to be in serious difficulty over the loss of key professional staff. There were also unresolved issues relating to the practicalities of merging the economic directorates at district level on which the new, more decentralised multi-sector model for the delivery of rural development depends and to which ProAgri funds are channelled. There are continuing uncertainties over the vertical and horizontal channels for planning and budgeting – through vertical ministry hierarchies and/or through district governments. Of the two principal components funded 'outside' ProAgri, namely Rural Roads and Private Sector Development, the implementation of the second has still to make convincing progress.
- 12 If these problems go unresolved, it will be difficult for Danida to continue with the ASPS as it is currently designed. In reviewing 15 years of Danish support to fisheries and A&RD, several cases have been noted where Danida failed to adapt adequately to changing conditions during implementation. Projects have continued on the wrong track for an unnecessarily long time, simply because management did not get the required information. During ASPS-I, Danida's planners and financial advisers located mainly at provincial level in Danida's target provinces were helpful in unravelling problems and getting changes made to get ProAgri funds flowing. Under ASPS-II they are located mainly at the centre. In the absence of an efficient and effective management information system at district level, Danida should not be tempted simply to hope that information will flow, but ensure that alternative mechanisms are in place.
- 13 In the view of the evaluators, the time has come for a fundamental review of ASPS-II, not with the purpose of withdrawing from ProAgri, but by continuing with sector budget support and devising and testing practical solutions to current problems at district level. This is likely to be more attainable by focusing on one province rather than three and sponsoring a more joined-up approach to rural development.

# 1. Introduction

## Background

1.1 This paper is one in a series of papers produced in the context of the evaluation of the support by the Danish Government to the Republic of Mozambique between 1992 and 2006. The overall purpose of the evaluation was to assess how Danish aid has responded to rapidly changing circumstances in the aid context and to development needs in Mozambique. In doing so, the evaluation critically examined issues of relevance, efficiency, effectiveness and coherence of Danish support to Mozambique, as well as choice of partner modalities, use of technical assistance (TA) and attention to cross-cutting issues such as HIV and AIDS, gender and environment. A full explanation of the objectives and methodology of the evaluation can be found in the Inception Report for this evaluation (Mokoro and ECORYS, 2007).

1.2 The evaluation consisted of a number of steps which are complementary and are set out here as a background to the present paper. A pre-study prior to the evaluation provided the team with a summary of the Danida programme and identified key evaluation issues. The pre-study also made it possible to identify what documentation and data was available and where the evaluation team would need to do more work. In parallel, and also as preparation, a synthesis of existing evaluations in Mozambique in the different sectors was prepared as an input into the main evaluation (Nordeco, 2007). An inception study in October 2007 laid the ground work for the overall evaluation in terms of setting up the framework for field work and conducting initial interviews. The main field work took place in November 2007 in Mozambique and involved a multi-sectoral team covering both sectors and thematic areas.

1.3 Various thematic papers on key areas of Danish support were drafted as part of the evaluation process (a full list of Working Papers is included in the References). The purpose of these papers is to examine in depth Danish support to certain sectors and to enhance lesson learning from and between sectors as an input into the main evaluation report. In addition to the thematic papers, the evaluation also produced a perception study which collected and documented perceptions of Danida's support as seen by representatives of Mozambique's central government, local governments and civil society as well as by development partners. The thematic papers differ from the perception study in that their purpose is to do a meta-analysis based on different sources (interviews, documentation and observations). The ultimate aim is not so much recording perceptions but rather using the various sources to make an independent assessment of key aspects of Danida's approach, interventions and impact.

1.4 The present paper reviews Danish official development assistance to fisheries, agriculture and rural development (A&RD) in Mozambique over the period 1992–2006. Other Working Papers which touch on aspects of rural development, which were prepared as part of the evaluation, include: Political and Social Context (WP01), Education and Health (WP03), HIV/AIDS (WP04) and Provincial Aid and Tete (WP10).

## Sources of information

1.5 The principal sources for this Working Paper on Fisheries and A&RD are the internal documents assembled from the archives of the Ministry of Foreign Affairs by NCG in a pre-

study (NCG, 2007) earlier in 2007.<sup>2</sup> These included reviews, project completion reports and evaluations of the various Danida projects and sector programmes. Other documents have been collected by the DME, often with the help of the people interviewed, who pointed out other important material. Where gaps remained in the documentary record, reference is made to the issue at the appropriate point in the report.

1.6 The reviewer interviewed stakeholders in Copenhagen and Maputo and to a lesser extent in Tete and Cabo Delgado provinces, during September, October and November 2007. The purpose and the approach to the interviews and the opinions expressed are the subject of a separate DME report, the ‘Perception Study’. Understandably, the interview record is dominated by accounts of the most recent period, i.e. since about 2000. The benefits of seeking out stakeholders from an earlier period had to be justified in terms of the use to which the information might be put. For example, no interviews were conducted of those involved in the fishery sector which Danida finally terminated in 2002. Again, where gaps exist in the interview record, reference is made to the issue in the report.

1.7 Of great value to the preparation of this edition of the working paper have been the detailed feedback received by the DME on the 17 February 2008 version of this report which was distributed by the Evaluation Department to knowledgeable people for comment. Where appropriate, substantive feedback has been included in footnotes. The author of the paper, nonetheless, accepts full responsibility for the content of the paper and the conclusions reached.

### **Organisation of the paper**

1.8 The outline of this working paper follows that of several others in the series that deal with the economic and social sectors that benefited from Danish assistance to Mozambique.

- Section 2 of this paper deals with the country background to development assistance. It considers the conditions faced by the rural peasantry and the government in the decade or so before the 1992 Peace Accord and the years following. It reviews government policies with respect to peasant production, the nature of the development assistance offered in the early years and goes on to review more recent policy developments including PARPA II.
- Section 3 considers how donors in general responded to government’s policies to alleviate rural poverty and to contribute to increased production and income from fisheries and agriculture in the family sector.
- Section 4 focuses on what in particular has been done by Denmark in terms of development assistance.
- Section 5 provides an assessment of the significance of that assistance and suggests options for future cooperation in A&RD.

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<sup>2</sup> Documents included in the NCG Pre-study archive are referenced by their serial number. See the References list for details of each F-document.

## 2. Starting point and evolution

### Policy background

2.1 Mozambican peasants, struggling to survive in a war-torn and risk-prone environment and vulnerable to drought and flood, endured extraordinary hardships at the hands of successive governments from the 1960s to the end of the 1980s. Over the period, agricultural and fisheries policy changed from colonial restriction to state control of peasants and the promotion of rural socialism. This was followed in the 1990s by the dismantling of direct state involvement in agriculture and fisheries. Each stage was marked by policy changes that undermined rural livelihoods, increased income inequalities and resulted in increased dissatisfaction and alienation.

2.2 Post independence, policy makers regarded the peasantry as a homogenous group engaged in subsistence agriculture and fishing. In reality, the family farming sector remained highly differentiated, ranging from mostly female-headed households cultivating small subsistence plots, engaged in petty trade and casual labour for basic food and consumer items, to male-headed households that grow most of their own food in more humid and fertile areas and regularly market surpluses of staples and other crops (O’Laughlin, 1996).

2.3 In Mozambique, the categories ‘family farming sector’ and the ‘commercial agricultural sector’ are still treated by policy makers as significantly different, with few complementarities between them. Policy makers feel that they have to choose between promoting one or the other. This idea permeates many debates, particularly the land debate and the formulation of agricultural, forestry and fisheries policies.

2.4 Differences in farming systems also result from variations in climate and soil fertility, and market access. However, like ‘family’ and the ‘commercial’ categories, regional differences merge imperceptibly across the country, which can be broadly divided into three geographical regions: the north, the centre and the south. Mozambique’s agro-climatic zones range from arid and semi-arid (mostly in the south and southwest) to the sub-humid zones (mostly in the centre and the north) to the humid highlands (mostly the central provinces) (see Table 2.1).

**Table 2.1: Geographical distribution of farming systems**

	<b>South</b>	<b>Central</b>	<b>North</b>
	<i>Maputo, Gaza Inhambane</i>	<i>Sofala, Manica, Tete Zambézia</i>	<i>Nampula, Cabo Delgado, Niassa</i>
<b>Annual rainfall</b>	<b>400-1,000 mm</b>	<b>1,000-1,200 mm</b>	<b>1,000-1,800 mm</b>
Main food crops	Cassava, maize	Cassava, sweet potatoes, maize, rice, beans, sorghum, millet	Cassava, maize, rice, sorghum, sweet potatoes, beans
Main cash crops	Very little cash cropping	Tobacco, cotton, groundnuts, cashew, horticultural crops	Tobacco, cotton, cashew, groundnuts
Livestock	Cattle and small-stock	Cattle particularly in Tete and Sofala	Cattle and small stock

## **Policy changes with independence**

2.5 For most of the colonial period, peasants were forced to labour on public works and on settlers' private farms and were compelled to cultivate certain cash crops. In addition to supplying labour to foreign-owned plantations and to settlers, they were pressed to migrate to work in mines and on the land in neighbouring territories. In Mozambique, as elsewhere in East and Southern Africa, efforts were made by colonial governments to prevent the emergence of an economically strong African class that would compete with incoming settlers for land and labour. In the face of growing insecurity in the 1960s, the colonial government's agrarian policy shifted in favour of co-opting an upper stratum of peasant farmers, by providing them with agricultural inputs, services, credit and access to marketing cooperatives, in the hope that they would be a counterweight to those seeking political independence.

2.6 By the 1970s, as a result of these initiatives, a regionally diverse and differentiated rural society was beginning to emerge, particularly in the southern provinces (Bowen, 2000). Post independence, the FRELIMO government, being predisposed to socialism, was reluctant to encourage this trend. It withheld agricultural services upon which the middle class peasants depended and it channelled resources to state farms and villagisation. Peasants were coerced into working as seasonal labourers. As stated in the evaluation of Danida's agricultural assistance to Tete, not all rural areas were subject to these interventions, only those where FRELIMO was able to exert its authority (F009).

## **Mozambique Nordic Agricultural Programme (MONAP)**

2.7 The Danida Mozambique Evaluation aims to cover the years following the 1992 Peace Accord to 2006. However, under the umbrella of MONAP, Danish assistance to agriculture and fisheries in Mozambique started shortly after its independence in 1975. In the following fifteen years, development cooperation brought Danes and Mozambicans closer, especially in matters relating to A&RD. Young professionals began their careers working in Mozambique with the World University Service<sup>3</sup> and were subsequently recruited by international NGOs and Danida.

2.8 Thus the 'starting point' for Danish assistance to this sector, reaches way back before the Peace Accord of 1992. From the mid 1970s to the end of the 1980s, MONAP's assistance to the Ministry of Agriculture and Fisheries was crucial to the country's rural development strategy (Bowen, 2000). Denmark contributed 22% of the total (i.e. USD 11 million), the second highest after Sweden, which provided 45% (i.e. USD 22.5 million).

2.9 The Evaluation of Danish Assistance to the Fisheries Sector (1996) provides an account of the ambitious and generally unsuccessful attempts to organise fishermen into production cooperatives (*Combinados Pesqueiros* – CP) and satellites throughout the country (Danida, 1996).

2.10 In 1978, MONAP Phase-I assisted the government's rehabilitation of former settler farms and plantations vacated by the Portuguese and other foreigners. The aim was to maintain agricultural production while the old colonial economy was being re-organised. The programme gave priority to agricultural support services (seed production, supply of spare parts, agric-inputs and training and extension) and to state farms (citrus, livestock and forestry). In effect, MONAP Phase-I was an emergency relief operation, complemented with some technical assistance to

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<sup>3</sup> WUS was the precursor of the Danish NGO Ibis (see [www.ibis.dk/uk/](http://www.ibis.dk/uk/)). The Ibis name was used from 1991 onwards.

meet the shortage of personnel resulting from the exodus of foreigners and the scant attention that had been given to the training of local people.

2.11 Aside from the benefits they derived from the export of equipment, the Nordics favoured state intervention in the sector for pragmatic reasons. Food supplies to the urban areas had dropped disturbingly within a year or so of independence and the Nordic governments accepted the FRELIMO view that rural development meant bolstering the state sector. In that period, it was not only the Nordics among Western donors who were influenced by the concept of transformation of traditional agriculture: it pervaded post-colonial theories about the development of agriculture in East and West Africa in the 1970s. In this regard, Western and Eastern donor preferences overlapped – perhaps an early example of donor harmonisation. It was only after an evaluation of the MONAP Phase-I programme which revealed that it was not having the desired impact, that the Nordics shifted their assistance from general input supply to projects aimed at the development of small-scale farming, mainly through strengthening government services.

2.12 For example, Project CO-1, Mozambique's first cooperative development project and an early MONAP project of the Ministry of Agriculture, was approved by the FRELIMO government in 1981. The purpose was to work with selected pilot cooperatives and try to ensure the participation of members in their development. The organisational, financial and technical support provided by the project was important in developing the cooperative movement. MONAP was a significant force for democratisation and progressive social change within the country (ibid).

2.13 However, after 1985 overall agricultural production in Mozambique continued to decline. With war spreading southwards and pressure from the Nordics to support small-scale agriculture and family farming, the government was persuaded to reassess its policies. MONAP II (1981–83) with USD 66 million contributed from the Nordic countries, consisted of 23 projects, seven of which were designed to deal with problems of cooperatives and peasant agriculture. Sadly, this second round of MONAP support was plagued by inadequate preparation and poor management and the acute scarcity of Mozambican professionals. The excessive dependence on *cooperantes*, whose ideological beliefs ranged from Stalinist to social democratic, resulted in a failure to reach agreement about an approach to rural development (ibid).

## **The dismantling of the state sector**

2.14 In the absence of markets for their produce and tolerable terms of trade, there was little commercial incentive for peasants to engage in the production of surplus food or export crops. Meanwhile, the returns to investment on the state farms failed to meet expectations. Exacerbated by war and drought, agricultural production continued to decline and food scarcity in the towns increased. In these straitened circumstances, the government gradually bowed to external and internal pressure and introduced a structural adjustment programme from 1987, gradually divesting itself of state ownership and loosening its hold on peasant producers.

2.15 The sale of state enterprises (including fishing) accounted for 20% of the total number of enterprises privatized in the country by 1998. In the process of divesting itself of state farms, government entered into agreements for the redistribution of land and joint-ventures (e.g. for cotton, sugar, tea, tobacco, maize and cashews) with the private sector. Local small-holders received portions of state farms and so did a new category of 'private farmers' (both groups contracting to supply monopsonies) and so also did large foreign and local companies.

2.16 The government introduced a distinction between ‘private farmers’ and the ‘family sector’ and began to privilege the former, giving them more land and more technical support, much as the Portuguese had aided the more progressive African farmers during the colonial period.

2.17 State and FRELIMO party officials received shares in many of the companies that were sold and subsequently participated in their management. Poor judgement and malpractice accompanied the simultaneous privatization of the cashew factories and their subsequent closure as a result of the liberalization of the raw cashew trade (on the advice of the World Bank). (Pitcher, 2002)

2.18 The dismantling of the state fisheries sector was notably chaotic (F166). The civil war was raging right up to the time of the peace agreement. As no marked changes in sectoral policy occurred in response to the change in policy at high level, the transformation took place in a vacuum. Large industries were transferred for a song, often to well-connected persons with a past in FRELIMO or the government. One of the main arguments for Danida’s support to the Fisheries Master Plan was that privatisation of the fisheries industry was taking place in an exceedingly uncoordinated manner.

### **Box 2.1: Trends in the family farm sub sector 1992 to 2006**

In 2006, it is estimated that over 70% of the 19 million Mozambicans live in rural areas, with nearly 40% in the northern and central regions. The sector is dominated by 3.2 million smallholder families. The majority of smallholders grow food crops, and about 16% also participate in cotton and tobacco out-grower schemes. While overall annual agricultural growth has averaged 6%, increases in the food and cash crop sectors led to an impressive reduction in rural poverty over the period 1996 to 2003 — the rural poverty headcount decreased from 69% in 1996 to 54% in 2003. The largest decline was in the central region, followed by the north. The agriculture sector grew primarily through area expansion and an increase in the labour force, with a large increase in cultivated area in the central region. From 1992 to 2001, cultivated area expanded at 3.3% annually. The labour force grew at about 1.7% annually, which approximates to rural population growth of 1.9%. After the 1992 Peace Accords, the increased rural labour force was primarily returned migrants. Basic food crop production was the key driver for growth, but cash crop production was also important and was promoted mainly through out-grower schemes in northern and central Mozambique. However, access to and use of improved crop technologies remains limited, crop yields are stagnant, and thus rural incomes are also likely to stagnate.

Source: World Bank (2006)

## **Policy developments 1992–2006**

2.19 The agricultural policy setting in Mozambique continues to be highly complex, with a number of policy documents, each with specific drivers, scope, timeframes and audiences.<sup>4</sup> ProAgri represents, at least one of these, geared towards the reform of the state agriculture-related administration and improving the coordination of development assistance to the sector. Recurring agricultural policy statements and documents are not necessarily mutually exclusive or contradictory, but each has its own particular flavour which reflects shifting political preferences

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<sup>4</sup> Agriculture Commercialisation Strategy (ECA), Food Security and Nutrition Strategy (ESAN), Roads Policy and Strategy (PEE), Poverty Reduction Action Plan (PARPA), PAEI Agricultural Policy & Implementation Strategy (PAEI), Government’s Five Year Plan (PQG), The National Agricultural Programme (ProAgri), Agrarian Priorities 2006-09.



(Cabral et al., 2007). The principal ministry involved with agriculture and fisheries has changed its institutional responsibilities several times over the period. After the second general election in December 1999, the fisheries sector was separated from agriculture and established as an individual Ministry. Most recently, with the election of a new President in 2005, responsibility for rural development was moved from the Ministry of Agriculture and Rural Development (MADER), left behind as the Ministry of Agriculture (MINAG), and given to the newly created Ministry of Planning and Development (MPD).

2.20 At a higher level, there are other relevant policies which influence policy approaches and interventions in the agricultural sector including the GOM's main policy instrument, the Five Year Programme (PQG), and the Poverty Reduction Action Plan (PARPA), now in its second round, in which A&RD head the list of economic development priorities for achieving sustained poverty reduction. There are also sub-sectoral (thematic) strategies of direct relevance including food security, agricultural commercialisation and roads. Responsibility for some of these strategies lies outside of the Ministry of Agriculture.

## PARPA II

2.21 Reflected in PARPA II (finalised in May 2006) is the growing concern regarding the sustainability of the current model of economic growth in Mozambique and its implications for sustained poverty reduction in the mid and long term (see Box 2.2). In particular, there is concern about the weak growth in productivity in agriculture. In the last decade, poverty reduction has largely been the result of economic growth from increased agricultural production, based on the expansion in the cultivated area, rather than increases in the productivity of labour or land, as the result of refugees returning to rural areas after the civil war. However, this is now coming to an end and there is concern that the current model of agricultural (pro-poor) growth is exhausted.

### Box 2.2: PARPA II Shift from social to economic

The PARPA II report opens by saying “the present PARPA is different from the previous one because it includes in its priorities a greater integration of the national economy and increasing productivity,” and it points to the need to “improve the financial system” (para. 3). It also stresses decentralisation, the district as base of development, and “endogenous local economic development (paras. 3, 101).”

“Public services and infrastructure necessary for a broad and balanced economic growth must receive more attention and more money over the next years. The strong investment in social sectors in the past contributed to the small allocation to infrastructure. The economic sectors need more attention: agriculture, particularly with respect to irrigation, research and extension; artisanal fishing;” and tourism and transport (para. 170). Economic development will come from transforming the structure of agriculture and from transforming the informal sector into a formal sector (para. 482)

Roads, electrification, tourism, and technical and higher education will receive ‘substantial increases’ in funds while health and social action spending will no longer increase faster than population growth. Health will only be allowed extra spending for ‘basic services’ and AIDS (170-173). Electricity should reach every district town and administrative post and there should be three new power stations – Mphanda Nkuwa dam on the Zambezi River, a coal fired power station at Moatize, and a gas fired power station (para 510).

Source: [http://www.open.ac.uk/technology/mozambique/p7\\_1.shtml](http://www.open.ac.uk/technology/mozambique/p7_1.shtml)

translation from Portuguese by Joseph Hanlon

Numbers in brackets are paragraphs in the report

2.22 It is in this context that the focus has shifted towards examining barriers that impede further expansion of agricultural production (e.g. barriers to the establishment of new farms, expansion of existing ones, expansion of irrigation systems) and limit agricultural productivity growth resulting from a fall in returns to land and labour (e.g. poor water and irrigation infrastructure, inadequate agricultural extension and applied research, etc).

2.23 These barriers include poor rural transport and communication infrastructure, which hinder the marketing of agricultural inputs and outputs. The lack of more general infrastructural development in energy supply, water and irrigations systems and telecommunications represent constraints. Poor access and expensive finance deter agricultural investment. The *de facto* and *de jure* land tenure situation is also said to hinder access to finance and the transactability of land, although this issue is hotly debated. In terms of natural resources (fisheries, forestry, mining, etc.), the inadequate regulatory environment creates uncertainty and deters investments in these activities. Other institutional obstacles impede the extended use of new technologies and improved inputs due to inadequate extension and research.

### **Institutional issues in the agriculture sector**

2.24 WP01, Political and Social Context, describes how since the early 1980s the agricultural sector has been seen as the key to addressing mass poverty and to securing broad-based growth in Mozambique. The country was emerging from a long civil war and faced severe food shortages due to low levels of production and periodic flood and drought-related disasters. Improving the country's food security was thus one of the highest priorities facing the government. Improving productivity levels and farm incomes required extensive investments in public goods as well as in market-based goods and services.

2.25 The organisational level of farmers was, and remains, extremely low and farmers' associations few and weak in most of the country. Cumbersome bureaucratic procedures and the costs involved prevented informal groups from becoming legally recognised associations or co-operatives. Credit and savings associations and organisations of small traders in rural areas are still virtually non-existent in most of the country.

2.26 In the early 1990s, the Ministry of Agriculture and Fisheries (MAP in Portuguese), the name of which changed three times during the DME evaluation period, was weak and marginalized, lacking the resources, skills, institutional capacity and presence in the field to provide effective support. In that early period, the Ministry of Agriculture was constrained to playing a supporting role to the many donor-assisted agricultural projects. These were not planned or executed in terms of any over-arching agricultural strategy or programme. Further, the sector was heavily dependent on donor finance, which accounted for over 90% of all public expenditures in agriculture in the 1990s (F098).

### **3. What have other donors in general been doing?**

#### **Fisheries**

3.1 Norway, like Denmark, had supported fisheries development in Mozambique from the 1970s. Beginning in 1988, Norad mainly assisted the IDPPE, IIP and the Fisheries School. Its assistance included training in stock assessment and resource management. In 1996, Norad reduced funding to fisheries and gave priority to research within IIP. The EC supported various infrastructure and processing facilities in Vilanculos and Beira and subsequently the preparation of the Fisheries Master Plan, which was also funded by Danida. FAO/UNDP financed several TA projects in relation to fish inspection and quality control. IFAD assisted artisanal fisheries in Nampula Province. Cooperation Française also provided institutional support to artisanal fisheries (F184). The Semi-industrial Fisheries Project was jointly funded by GOM, NDF, Danida and ICEIDA (F183). In terms of an agreement drawn up in 1996, Iceland assumed the role as lead donor when Denmark pulled out of the sector in 2002 (F182).

3.2 In 2002, IFAD stepped in to assist artisanal fisheries in the coastal zone of Nampula, Sofala and Zambézia. Under the Sofala Bank Artisanal Fisheries Project (2002-2009), an IFAD loan of USD18.00 million has been co-financed by grants from Norad and Belgium (BSF). The project aims to improve the social and economic conditions of poor communities by diversifying their fishing techniques for high value fish, other than shrimps which are in danger of being over exploited. Assistance is provided with technology, credit and marketing (processing, market facilities and access roads). The project also assists with the monitoring of stocks and training in the sustainable use of resources and with the introduction of regulatory measures at national and community level.

#### **Agriculture and rural development**

3.3 As described in Section 4 of this report, in the period 1995–2000, Danida took a lead in drumming up support for joint sector programme support for agriculture. At that stage, the principal bilateral donors and the World Bank participated in the process and signed up to the programme in 2000. In the last two or three years, some have pulled out and others have joined. (see paragraph 4.48)

3.4 One of the major objectives in the mid 1990s was to bring order to the plethora of projects in what has always been a very wide and diverse sector, in terms of scope, level and scale of intervention. According to Yussuf Adam, writing in 1998 (F098), there were some 180 grant funded A&RD projects of one type or another operating in Mozambique. Four major donors contributed 64% of the funds. Sida was the principal benefactor contributing 19%, Italy 17%, and EEC and UNDP 14% each. Sida focused on food production, Italy on irrigation and EEC on integrated rural development (IRD). The remaining 25 donors contributed between USD 5000 and USD 8.5 million. International credits provided by IFAD and ADB were mostly aimed at raising food production. The WB predominantly supported IRD and agricultural rehabilitation, including its much criticised intervention in the cashew industry (1990–99). Two thirds of the external credits were concentrated in three major projects: Açucareira de Moçambique (42%), development and rehabilitation of agricultural services (15%) and rehabilitation of Chokwe irrigation scheme (10%).

3.5 In 2007, the ODAMoz website recorded 13 bilateral donors, 3 IFIs and 3 multilaterals (including the EC) active in A&RD. Of these, 8 donors are contributing to the ProAgri pool

fund. The total number of rural A&RD ‘projects’ listed on the ODAMoz website was between 70 to 80, depending on how a project was defined, and the great majority ‘off budget’. Two or three donors contributed only to SBS or GBS. The majority funded a range of modalities.

## **Rural development**

3.6 In December 2007, there were 18 projects listed under ‘Sector 43040 Rural development’, in addition to the rural roads component supported by Denmark under ASPS-II. The principal MDG goal of the great majority is ‘eradicating extreme poverty and hunger’. The scope of activities ranges from public works (feeder and rural roads, bridges, etc) to integrated rural development - the provision of assistance to local institutional development, small farmers, potable water supply and sometimes education and health. Most of these IRD projects are funded ‘off budget’, are area-based and often implemented by NGOs, with no specific government counterpart listed. A few are implemented through the provincial and district authorities and the Ministry of Planning and Development.

3.7 In late 2007, in terms of size of contribution, Germany and EC were the principal contributors to rural development with some USD 18-20 million, followed by Spain, Finland, Denmark and Switzerland with between USD 7-10 million. GOM counterpart agencies included the Ministry of Planning and Development, MINAG, the Ministry of Public Works and Housing, Provincial Directorates of Planning and Finance, and Agriculture. Some projects were listed as ‘national’, while others are located within single provinces. Most are in Maputo, Cabo Delgado and Nampula, with fewer in Manica, Gaza, Niassa and Zambézia, while neither Tete nor Sofala figured in the ODAMoz table. (i.e. ‘Sector 43040 Rural development’)

## **Agriculture**

3.8 In December 2007, the ODAMoz website recorded a large number of donors in the agricultural sector. The two principal DAC headings are ‘31100 Agriculture’ (11 projects) and ‘31120 Agriculture development’ (17).<sup>5</sup> The reasons for the inclusion of a project under one heading rather than another are often unclear. There are several inconsistencies (e.g. contributions to ProAgri CFFM appearing on two tables, contribution to the community land use fund on three). While not inclusive of all funding by ProAgri partners to the agricultural sector, Table 3.1 shows that most partners provide assistance ‘on’ and ‘off’ budget. In this regard, Denmark is not exceptional. However, Danida is the only donor to explicitly record its international agricultural advisers when reporting to the ODAMoz data base.

## **Other projects and programmes in the A&RD sector**

3.9 Since September 2003, USAID has been funding the ‘Rural Incomes Program (Project Assistance)’ which is listed on the ODAMoz website under the DAC code ‘31120 Agricultural development’. This seven-year initiative involves 17 implementing organisations, includes international and locally-based NGOs, consultancy firms, INIA, Michigan State University and the World Food Program among others. The program aims to contribute to agricultural development through direct financing of specific inputs, such as goods and services in the form of technical assistance, training, equipment, and the provision of capital assistance in support of

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<sup>5</sup> Other headings include: 31110 Agriculture policy and administrative management (1); 31130 Agriculture land resources (6); 31140 Agriculture water resources (7); 31150 Agriculture inputs (1); 31161 Food Crop Production (5); 31162 Industrial crops/export crops (2); 31166 Agricultural extension (3); 31181 Agricultural education training (2); 31182 Agricultural research (2); 31191 Agricultural Services (1); 31194 Agricultural co-operatives (2); 31192 Plant and post harvest protection and pest control (2); 31195 Livestock/veterinary services (2).

the programme. It aims to involve all districts in Niassa, Cabo Delgado, Nampula, Tete, Manica and Sofala. Under the heading ‘government counterpart’ on the form ‘unknown’ has been entered (ODAMoz website, December 2007).

3.10 JICA, which also has the reputation for self-contained initiatives, is working with the MINAG and the Chokwe Agricultural Research Station, among others, to develop techniques suitable for small-scale farmers in the Chokwe Irrigation Scheme (2007–2010). It aims to strengthen the management of the hydraulic works and the farm support services.

**Table 3.1 ProAgri partners’; examples of ‘in CFFM’ and ‘off-budget’ assistance to A&RD**

Sector	Donor	Project Designation	USD million	Off Budget/In CFFM	End date
31100 AGRICULTURE	Canada	ProAgri common fund	17.27	in	2011
		Sustainable and Effective Economic Development	07.30	off	2011
31100 AGRICULTURE	Denmark	ASPS-II Support to ProAgri	15.17	in	2010
		ASPS-II Land Use Fund	01.06	off	2010
		ASPS-II Intl. Advisors	07.23	off	2010
		ASPS-II Private Sector Dev	10.23	off	2010
31100 AGRICULTURE	EC	Sector Budget Support	45.71	in	2010
31100 AGRICULTURE	Ireland	National Agriculture	33.52	in	2009
<<??>>		Support to Niassa Province	<<??>>	off	2009
31100 AGRICULTURE	Italy	ProAgri	03.00	in	2007
		PISA/PIDA Inter. Prog. for Agricultural Development	13.00	off	2007
31120 Agriculture development	Austria	ProAgri Common Fund	04.28	in	2010
		PROMEC Smallholder Farming Units	02.05	off	2007
31120 Agriculture dev.	Finland	Support to ProAgri	17.14	in	2009
31120 Agriculture dev.	Sweden	ProAgri-II	10.28	in	2009
<<??>>		Programa Avante Niassa (PROANI)		off	2009

Source: ODAMoz (2006)

3.11 The World Bank, having withdrawn from ProAgri following the closure of the ‘Agriculture Sector Public Expenditure Program’ (1999–2006), is currently financing ‘Market-Led Smallholder Development in the Zambezi Valley (2006–2013)’. The objective is to increase the incomes of smallholder farmers in two phases over five districts. There are four components: (i) community group organisation and institutional strengthening, including rural financial services and district capacity development; (ii) agricultural production and market development, including agribusiness, agricultural extension, applied research, field demonstrations and improved agricultural and agro-forestry systems; (iii) an agricultural investment fund for small-scale infrastructure and sustainable land management (iv) technical supervision, management including M&E (web.worldbank.org/external/projects/ December 2007).

3.12 The ADB is financing the rehabilitation of the Massingir Dam on the Limpopo and the related downstream smallholder irrigation system near Xai Xai in Gaza Province. ADB is also involved in preparations for financing the Cofamosa irrigation development project in Maputo

Province. The ADB is working with GOM and IFAD at the national level on the development of rural financial services (ODAMoz website).

3.13 IFAD's 'Rural Finance Support Programme' (2005–2014) is providing funds and technical assistance to help financial institutions penetrate rural areas. The programme helps organise smallholders, artisanal and other poor people for this purpose. Co-financiers include ADB and ADF. IFAD's 'The PAMA Support Programme (2001–2008) was developed to provide smallholders with better access to markets. A national programme, it focuses on the northern provinces of Cabo Delgado and Niassa, and Maputo in the south. In cooperation with MINAG and ProAgri, IFAD's Agricultural Support Programme (2007–2016) aims to promote a new approach to agricultural extension based on demand-driven service provision, targeting small farming households in the poorest localities. It aims to involve women, youths, the elderly and HIV-affected households in project activities, which include: introducing low-cost techniques that will help raise crop and livestock production, broaden access to technical support, help establish farmer's organisations and build capacity within the agricultural sector. ([www.ifad.org](http://www.ifad.org) December 2007)

### **Sida and Irish Aid in Niassa Province**

3.14 Not listed in the ODA Moz data base under the heading of 'rural development', but of interest here, are the Sida and Irish Aid<sup>6</sup> province-based programmes in Niassa, to which Danida's attention was drawn in 2004 in the preparation of ASPS-II by Weimer et al. in 2004. At that time, the status of the two initiatives were summarised as in Box 3.1.

#### **Box 3.1 Rural development in Niassa Province**

##### **The Swedish supported Programa Avante Niassa (PROANI)**

PROANI comprises four key areas:

- A sector component comprising education, road construction and energy transmission, with MINED, ANE and EDM as partners;
- A component of capacity-building in public administration for the provincial and some district governments, which includes part of the rehabilitation of the Lichinga Branch of the *Instituto de Formação em Administração Pública e Autárquica* (IFAPA);
- An innovative private sector support programme named "Malonda", based on risk-sharing with entrepreneurs, marketing, advisory services etc., and
- Support to civil society through local NGOs and other established organisations.

##### **The Irish Aid support to Niassa Province**

In Mozambique, Irish Aid practises a mix of aid modalities in exclusive support of the public sector, comprising GDBS, SWAPs in the three PARPA priority areas (health, education and agriculture) and area-based programmes with focus on Niassa and Inhambane Provinces. Support to the PSR is part of the GDBS modality. This mix is aimed at minimizing risks and maximizing impact, although Irish Aid is aware, that the first two modalities have still a long way to go to produce the desired outcomes and impact. Thus, the area-based modality assumes a strategic importance in the delivery of the necessary public services and goods for agriculture and reduction of poverty, respectively for institutional capacity building towards this end. They also provide the terrain and generate the experiences necessary for the reality check of the GDBS and SWAP modalities. Concerning Niassa and Inhambane, Irish Aid's vision is to contribute to a kind of provincial PARPA, including moving towards a provincial direct budget support modality. It acknowledges that this is a very gradual process and that it is important to plan it very carefully.

Source: Weimer et al., 2004

## **4. What Danida has done with regard to Fisheries, Agriculture & Rural Development**

### **Introduction**

4.1 The late 1980s and the early 1990s were years of policy uncertainty in Mozambique. In 1987, with IMF, World Bank and bilateral support from Denmark and other countries, the GOM embarked upon economic reforms, which included the devaluation of the metical and the rolling back of state involvement in primary production, including agriculture and fisheries. The impact of these reforms was barely felt in the rural areas as the civil war was still raging and continued to do so until the settlement in 1992. Semi-industrial and industrial fisheries were less affected by the war than agriculture as the boats involved operated mainly from Beira and Maputo. At the time, the agriculture and the fisheries portfolios were held by one minister. The expansion of Denmark's assistance to the Ministry of Agriculture and Fisheries (MAP) was based on the understanding that growth in production had to come through liberalization, by stimulating production and the development of trade and industry and by providing an incentive to producers to market surpluses (F399). Denmark's sponsoring of liberalization could become effective only following the Peace Accord in 1992, and even then the process was held back by the uncertainty of the weak legal and administrative framework.

4.2 In the early nineties, Denmark was funding a continuation and extension of the agricultural project in Tete province and establishing similar, smaller-scale initiatives in provinces where security allowed, i.e. near coastal towns (e.g. Quelimane, Beira, Xai-Xai). After 1989, support was also continuing to MONAP projects including phytosanitary and quarantine work at the ports, agricultural input supply (e.g. in the forms of hand tools and seeds) and to agricultural extension and training. Denmark was also providing assistance to small-scale fisheries as part of the continuation of the MONAP Nordic cooperation. In both sectors, Danida was aiming to move from project to sector programme support. In the case of fisheries, this occurred in 1996 and in agriculture in 2000. Denmark's funding to fisheries and agriculture is shown in Table 4.1.

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<sup>6</sup> The Irish government aid agency was also known at different times during the period covered by this report as Ireland Aid and Development Cooperation Ireland. However, 'Irish Aid' is used throughout the report.

**Table 4.1: Danish Aid to Agriculture and Fisheries in Mozambique, 1992–2006**

	Total Danish Aid (DKK)	Total Agriculture (DKK)	Agriculture as % of Danish Aid
1992	128,693,634	25,940,537	20.2
1993	182,583,790	37,166,016	20.4
1994	207,168,939	35,553,190	17.2
1995	253,079,745	33,181,534	13.1
1996	268,104,281	37,198,985	13.9
1997	186,885,443	26,624,189	14.3
1998	253,620,136	33,764,913	13.3
1999	295,114,171	23,573,669	8.0
2000	300,068,982	24,696,917	8.2
2001	342,495,339	45,309,347	13.2
2002	394,241,044	38,522,630	9.8
2003	413,906,915	44,842,661	10.8
2004	404,394,374	28,539,988	7.1
2005	390,103,591	25,536,420	6.5
2006	425,073,431	27,546,961	6.5
<b>Total</b>	<b>4,445,533,815</b>	<b>488,015,967</b>	<b>11.0</b>

## Fisheries

4.3 The DME findings with regard to assistance to fisheries are based on a study of the archives, which include a sector evaluation in 1996, and feed-back from the readers of the first draft of this document. No interviews were conducted of those participating in this aspect of the development cooperation. Box 4.1 shows the situation of the fisheries sector in the 1990s. Danish assistance to fisheries in the period under review was provided under the budgetary heads shown in Table 4.2:

**Table 4.2: Danida assistance to fisheries in Mozambique, 1987–2002**

Danida file no.	Name of project or programme	Period	Grant (DKK m)	Disb
104.Moz.37	a) Technical assistance for the construction of small transport and by-catch collection vessels. b) Retention of by-catch for human consumption.	1987–1995	21.90	NA
104.Moz.38	Renovation of shrimp trawlers	1988–1994	12.50	NA
104.Moz.68	Development of master plan for the fishery sector	1992–1995	10.30	NA
104.Moz.69	Fishery Sector Programme Support	1992–2002	64.64	64.18
	<b>Total</b>		<b>109.34</b>	

Source: NCG (2007) Pre-study in preparation of an Evaluation of the Danish Mozambique Country Programme 1992–2006

## The Boatbuilding and By-Catch Collection Project

4.4 In the 1980s, the jettisoning of by-catch by tropical shrimp/prawn trawlers was already a global environmental issue. At that time, trawlers operating in the shallow coastal waters off Mozambique were believed to be discarding some 40,000 tonnes per annum of protein rich food and the GOM was keen to address the issue given the chronic food shortages in the coastal



towns. Sadly, the documentary record shows that Denmark's assistance in the early 1990s under a project involving boatbuilding and systems development for the retention of by-catch (104.Moz.37), was poorly planned and executed. Originally appraised in 1985 at the height of the civil war, the project was intended as an emergency response, but the project became beset by a confusion of objectives as a result of the GOM decision to privatise public assets in the fishing industry and withdraw from collection of by-catch from prawn trawlers. The **renovation of shrimp trawlers** (104.Moz.38) with Danish cooling and freezing systems was another project, conceived before the peace settlement, which faced the uncertainties and inefficiencies of support to a state-owned operation scheduled for privatisation.

4.5 In March 1991, an application was made to the Danida Board to approve DKK 5.2 million to assist Pemba Shipyard in the northern province of Cabo Delgado with the construction of one 16 metre transport vessel (for moving consumer goods) and ten 9.5 metre by-catch collection vessels. The original location of ship building was shifted from Maputo to Pemba due to the need for a timber supply for boat building. The vessels were to be used in the piloting of a system for the collection and retention of fish 'by-catch' from industrial and semi-industrial vessels when at sea. Once landed, the by-catch was to be processed and conserved for human consumption, thereby improving the population's access to protein, which was in short supply in the coastal towns overcrowded with refugees from the war. The exercise was also expected to contribute to the privatisation of the boatyard at Pemba. The boats to be built for the by-catch collection were to operate on the Sofala Bank out of Quelimane and processing facilities were to be provided at various points along the coast (F143, F144).

4.6 In November 1993, an application was made for a further DKK 3.2 million following many delays with boat construction and commissioning. The delays were put down to inadequate boat design in Denmark and lack of supervision in the shipyard at Pemba 'which allowed problems to develop out of all proportion to the aims of the boatbuilding project'. The shipyard delivered the last four boats (out of a total of ten) only in 1993. The delayed delivery and the need to make repairs and modifications of the first four after their arrival in Quelimane interrupted the testing and operation of the by-catch collection boats. The order for the 16 metre transport vessel was cancelled. By the end of the project, the amount of by-catch collected by the 10 boats and handled by the collection stations was 6% (i.e. 175 tonnes) of that estimated in the project document at the outset. The traditional "Moma" method used by fishermen in canoes to collect by-catch proved more suitable than those devised and tested by the project (F152).

4.7 The PCR claimed that the project had stimulated the awareness of private canoe fishermen with regard to the opportunities for by-catch collection. However, according to Vibe Johnsen, the fishermen in the coastal communities had long anticipated the possibility of obtaining a share of the by-catches (F166). They would set off in their small canoes, carrying bananas, coconuts and palm wine which they bartered with the crew members for by-catch fish which they dried and sold. It was particularly among the trawlers operating close to the shore that this transaction began. The number of these 'by-catch hunters' increased through the 1980s and 1990s, in step with the rise in the number of refugees in the coastal areas and the growing difficulties for Mozambican fishermen.

### **Box 4.1 Fisheries sub-sectors in Mozambique in the mid 1990s**

#### **Industrial sub-sector**

In the mid 1990s, the industrial sub-sector comprised a fleet of about 170 larger vessels with a length of more than 20 metres, mainly exploiting shallow-water and deep water shrimps which were frozen and packed on-board. About one-third of the vessels were owned by joint ventures, established between foreign fishing companies and the Mozambican Government, and to a minor extent by a Mozambican state company. The remaining vessels were foreign owned and under foreign flags. The nationally owned and the joint-venture owned vessels had quotas for shallow water shrimps. The foreign owned vessels exploited deep water shrimps.

The Fisheries Master Plan (1996) showed that industrial boats were not always providing optimal benefits to the Mozambican economy. The foreign currency costs were relatively high, the impact on employment was relatively low and the fleet was unable to land the by-catch which constituted a loss of an important protein resource.

#### **Semi-industrial sub-sector**

This comprised about 80 vessels which were nationally owned. These were small vessels with a maximum length of 20 metres and an engine capacity of up to 300 hp; half of the fleet was based in the Beira area and the other half in Maputo. About two-third of the vessels were trawlers catching shallow water shrimps, and the remaining were fishing with lines. The semi-industrial fleet normally did not have freezing facilities onboard, but relied on processing and freezing facilities onshore in the ports. The Fisheries Master Plan argued that the semi-industrial fleet could provide maximum benefits for the country in terms of foreign exchange earnings, income generation and nutrition. The Plan gave special priority to semi-industrial fisheries development.

#### **Artisanal sub-sector**

The artisanal sub-sector comprised a large number of small boats of which only a minor part was motorised. Artisanal fishing operated near shore along the entire coast and caught most of the fish used for domestic consumption. A number of donors were reported to have been involved in artisanal fisheries development since 1975, but the result had to some extent been disappointing (sic).

Source: Based on Programme Support Document. Semi-Industrial Fisheries Sector. Mozambique (July 1996) (F184)

### **Institutional support to artisanal fisheries**

4.8 In February 1992, DKK 18.4 million was granted for the purpose of providing institutional support to increased artisanal production and marketing of fish and fish products (F151) under the general heading of 'Fishery Sector Programme Support' (104.Moz.69). It was necessary to rationalise the work of the fisheries cooperatives (CPs) meant to supply fishermen with basic equipment and consumer items in exchange for fresh and dried fish. These were the trading stations which had been established under the Nordic MONAP project to extract a surplus from traditional fisherfolk in the 1980s. The proposed Danish assistance followed in the wake of the government's decision to proceed with structural adjustment and thus the immediate objective of the project was 'to secure timely and orderly privatization' of the hitherto state-run fisheries Support Stations. Special emphasis was to be placed on the CP in Beira, where extension work was to be initiated. As a result of the study, better information for policy decisions was to be provided (F154).

4.9 The NCG pre-study data base contains no further information on the outcome of the project, but Danida's 1996 evaluation of the fisheries sector covered the project in some detail (Danida, 1996). It reports that project implementation was hampered by the two-year wait for the required privatisation legislation, by slow government procedures and by the lack of private entrepreneurs to rent the infrastructure. As a result, the project was extended for a further two years. The privatisation of the fisheries cooperative at Beira was found not to be feasible. The project management was judged to have adapted and responded well to a rapidly changing policy environment. At the beginning of 1995, the focus of the project was reoriented to improve the performance of the semi-industrial fisheries through improved fishing and catch-handling

methods and facilities, including technical support to Pemba Boat Yard. The technical support of a Danish ship yard to Pemba Boat Yard was judged to be very successful.

### **The Fisheries Master Plan**

4.10 In February 1992, the Danida Board agreed to a grant of DKK 10.3 million for the preparation of a Master Plan for the Fishery Sector (F148). The submission to the Board pointed out that an estimated 10% of GNP was derived from fishing and 40% of the country's export income was generated by the industry. It stated that a basis was needed for the identification of priorities for investment. Falling catches were a cause for concern. The shrimp harvest was bordering on what was biologically sustainable. The GOM had no adequate scientific basis for the allocation of fishing quotas. The direct engagement of the state in the industry was overpowering and privatisation was taking place slowly and in an uncoordinated manner. There was an absence of a solid basis for decision making.

4.11 The work was carried out by a series of Mozambican working groups with the assistance of expatriate advisers funded by Danida and two technical advisors provided by the EC. It was concluded at the end of 1994 and the Master Plan ratified by the President in the following year. It was reported that many officials working in fisheries were engaged in the process. However, the team which conducted the 1996 evaluation of Danida support to the fisheries sector had doubts about the impact and long-term sustainability of the planning exercise, principally because of over optimism regarding the feasibility of implementation and the contested nature of fishery support policy among the donor community, particularly EU countries (Danida, 1996).

4.12 The Master Plan consisted of three different programmes, initially planned for the period 1995–2005 and for which Mozambique requested external funding for three areas: (i) Artisanal Fisheries development – USD 20m; (ii) Semi-Industrial fisheries development – USD 95m; (iii) Institutional Development of Fisheries Public Administration – USD 23m.

4.13 Each programme area included several projects of which some attracted funding and others did not. One of the latter was the Coordination Unit for the implementation of the Master Plan, which was expected to be funded by the EU. At the time of the Master Planning exercise, the Coordination Unit was within the State Secretary of Fisheries (*Secretaria de Estado das Pescas*, SEP), a semi-autonomous part of the Ministry of Agriculture and Fisheries (MAP). This was the situation until 1996, when the SEP was dissolved and its rôle directly subsumed by the Ministry of Agriculture and Fisheries. This change in fisheries administration was noted by the Danida fisheries evaluation team of 1996, which foresaw a weakening of the administration and a weakening of donor coordination (Danida 1996).

4.14 The Master Plan Coordination Unit was prematurely dismantled in 1998, when the EC did not make funds available for its continuation. Without the Unit in place, the implementation of the Master Plan was undermined and the sector-wide approach dissipated (Norad, 2005). Donor coordination was weakened by the operation of joint ventures between the Mozambique Government and private companies from EU countries, Japan and South Africa, often subsidised by foreign governments in the form of credit lines and tied aid (Danida 1996). In February 1997, Denmark communicated its concerns to the EU Development Minister about negotiations on a new EU-Mozambique fisheries agreement, in view of the contradiction between the EU fishing interests and the Mozambique Fisheries Master Plan, which aimed to protect the shallow water shrimp resource on the Sofala Bank from over-exploitation (F163).

4.15 In January 2002, the Mozambican Ministry of Fisheries was established by a Presidential Decree (01/2000) January 2000. In the years immediately following, a series of reviews of the sector were funded by donors, particularly Norway, and a revised sector plan was finalised in 2002 (*Ministério a Pescas* 2002). By this time, however, Denmark had withdrawn its support on the issue of over-fishing.

### **Assistance to semi-industrial fisheries**

4.16 Returning now to Denmark's support to semi-industrial fisheries, on the basis of the findings of the Fisheries Master Plan and at the request of the Mozambican Government, Danida pressed ahead in 1995 with preparing assistance to the sub-sector. This was announced at the Annual Consultations between the two governments in April 1995 (F243). In the same meeting, the Danish delegation made clear its intention to terminate support to the fisheries sector after five years, i.e. by 2000 (F278).

4.17 In August 1996, the Appropriations Committee of the Danish Parliament approved a grant of DKK 66.5 million for semi-industrial fisheries development in Mozambique (F149). According to the Government Agreement (F155), the overall objective of the programme was improved economic and social living conditions through increased semi-industrial fish supply, employment generation and foreign exchange earnings. The immediate objectives of the programme were:

- (a) increased semi-industrial fish production and productivity, particularly in Sofala Province;
- (b) improved quality of fish products and increased value added from semi-industrial processing and marketing, particularly in Sofala province;
- (c) increased semi-industrial fleet and processing capacity through private investments;
- (d) efficient implementation of the Fisheries Master Plan and the Action Plan.

4.18 The first three covered topics relating to semi-industrial fishing. The fourth component was interpreted as support to the institutional development of the National Directorate of Fisheries (DNP). No specific mention was made of those parts of the Master Plan and Plan of Action relating to Artisanal Fisheries.

### **Danida's assistance strategy to fisheries questioned**

4.19 Danida's assistance strategy for the fisheries sector in Mozambique did not proceed without a challenge. In 1997, Vibe Johnsen<sup>7</sup> took Danida to task for its narrow concentration on the semi-industrial sub-sector in Sofala and for abandoning traditional coastal fishing, support to which provided more scope for poverty alleviation and sustainable development. She warned of the risks associated with further assistance to the semi-industrial sector in Sofala and pointed to the many powerful interests both within and without Mozambique competing for the shrimp quotas. There was no reason to expect the proposed transfer of quotas from the industrial to the semi-industrial sector to run smoothly. Furthermore, the semi-industrial sector in Sofala was already well developed whilst the big challenges were to be found mostly in other provinces, not involving shrimp fishing (F166).

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<sup>7</sup> Vibe Johnsen was a Danida-funded TA from 1997-2000 and had links with artisanal fisheries through IDPPE.

4.20 The Danish Minister for Development responded in the same month, arguing that Denmark had been involved with a large number of priority sectors in Mozambique and that it was not easy to reduce the scope of involvement to those of lower priority. Immediate stoppage of Danish assistance to the fisheries sector had been considered. However, taking into account Denmark's role in the sector over many years, and the recent GOM agreement on a sector plan for fisheries, it was agreed to phase out funding over a five-year period to help Mozambique through the implementation of the sector plan. One of the main elements of the sector plan was to further develop semi-industrial fishing at the expense of the industrial. This, explained the Minister, was the main reason for focusing on the semi-industrial activities which had a large potential for development. In contrast to the industrial fishing, the prawn catch would be landed daily from the semi-industrial boats and an expansion of this would have a positive impact on the growth of land-based processing activities, on exports, on employment and on feeding the people with by-catch (F167).

### **Departures from the policies set out in the Fisheries Master Plan**

4.21 The objectives of the semi-industrial fisheries sector were not realised. The archived documentation in the folder '104 Mozambique.69', for the period 1997-99, contain numerous exchanges relating to the problems of over-fishing of the Sofala Bank, the excessive quotas allocated and the reluctance of MAP to manage the resource in a sustainable way. The correspondence includes a personal appeal from the Danish Minister for Development to the Prime Minister of Mozambique in April 1998 (F170). The over-fishing and the increasing number of semi-industrial boats being equipped with freezing equipment meant that they spent longer at sea and had no need to land their catch daily. The anticipated expansion of the shore-based processing and associated employment was thus precluded.

### **Termination of Danida's assistance to the fisheries sector**

4.22 In April 1999, the Denmark-Mozambique Annual Fisheries Sector Review Agreement stated that a major assumption for the implementation of the programme had been the availability of an adequate fishery management system to ensure a sustainable and economic exploitation of the resources and the related regulation of the fleet structure. There had been serious problems in this respect, particularly in relation to the exploitation of the shallow water shrimp resources. Commitments had been made by GOM in 1998 but little had emerged in practice (F189). The Annual Consultations in July 1999 between the two governments recorded Denmark's intention to terminate its assistance and to phase out in a short period (F240).

4.23 The Sector Review Agreement states that the Mozambican Delegation expressed its understanding for Denmark's decision but informed the Danish Delegation that the Council of Ministers would shortly approve the strategy on shrimp exploitation which would ensure the sustainability of this important national resource of the country (F240).

4.24 In 2002, Danida commissioned the compilation of a Programme Completion Report (PCR) on the SAPS to the Semi-industrial Fisheries Sector. The DME had access to a draft edition of the report (F183) which is a comprehensive review of the topic and the impact of the programme. The findings of the PCR are incorporated in Section 5 of this report.

## Agriculture and Rural Development

4.25 Danish assistance to agriculture in the period under review was provided under the following budgetary heads (Table 4.3):

**Table 4.3: Agricultural projects/programmes in Mozambique above DKK 3 m 1985–2006**

Danida file no.	Name of project or programme	Period	Grant	Disb.
104.Moz.32	Agricultural project in Tete	1985–1999	105.40	31.97 <sup>8</sup>
104.Moz.33	Agricultural adviser project in Zambézia Province	1988–1999	71.45	66.97
104.Moz.56	Support to national seed control	1989–1999	6.20	5.77
104.Moz.59	Strengthening the plant protection sector	1990–1999	15.75	15.42
104.Moz.60	Strengthening of Centre for Agrarian Training	1991–1996	17.50	NA
104.Moz.86 104.Moz.50/55 104.Moz.50/72	Preparations of ProAgri	1998–1999	2.00 2.97 0.31	5.2
104.Moz.805	Agriculture Sector Programme Support, Phase I	1999–2005	280.00	236.48
	<b>Total</b>		<b>501.5</b>	

Based on NCG (2007) Pre-study in preparation of an Evaluation of the Danish Mozambique Country Programme 1992–2006

### Tete agricultural project

4.26 The Tete agricultural project extended over the period 1985–1999; thereafter financial assistance to agriculture in the province was subsumed (or ‘attributed’) within Danida’s contribution to ProAgri under the Agriculture Sector Programme Support (ASPS-1). The provincial and national context of the overall Danida assistance to Tete is reviewed in WP10, ‘*Geographical Pattern of Danish Assistance and Danish Aid to the Province of Tete*’. As explained therein, the initial two phases of the agricultural project operated in an extremely unstable situation, when the civil war was most intense, resulting in massive destruction and a huge exodus from the province, mainly to Malawi.

4.27 In 2002, the Ministry of Foreign Affairs/Danida commissioned an impact study of the agricultural project which was conducted by the Centre for Development Research (CDR) (F009). The study describes how the Tete agricultural project went through several phases; starting with emergency supply of agricultural inputs, slowly developing into more comprehensive agricultural support and ending with the objective of enabling the Ministry of Agriculture to develop into an effective agricultural service organization for farm families (see Table 4.4). It is on this fourth phase, covering six or seven years, that the CDR evaluation focuses most attention. The study is of particular interest to the DME because of the

<sup>8</sup> The explanation for the relatively small amount (less than one third) recorded by NCG as actually disbursed has not been followed up by the DME. It is noted, however, that the CDR evaluation (2002) states that 36% of the DKK 102.6 million was spent during the first two years of the project (page 41).

considerable time and effort invested in field investigations, the evidence collected on the very limited impact of the project on overall farm production and income and the implications for poverty reduction if donor support is channelled through the Provincial Directorate of Agriculture. Five or more years later, the findings are of relevance to discussions about the future of ProAgri.

**Table 4.4: Phases of the Danida Agricultural Development Project (Tete), 1985–2000**

Phase	Year	Main activity	Expenditures	Area of Intervention	comments
1-2	1985–87	Emergency relief, seed and agricultural input supply.	DKK 37.3 mill.	City of Tete and immediate surroundings.	Executed by COWI.
3	1987–93	Emergency relief, preparation for agricultural support system. Support to private sector.	DKK 35.6 mill.	Tete, town of Ulongue in Angonia.	Project taken over by Danida. Project leadership taken over in 1989 by Danida- appointed director. Intensified war.
4	1993–99	Implementation of an agricultural extension support system based on a T&V approach at selected sites.	DKK 29.7 mill.	Districts of Angonia, Tsangano and Moatize.	Peace. Studies made for the first time to determine farmer priorities. Preparations for SPS.
Post-project	2000	Continuation and expansion of extension system on the basis of decentralized planning.	According to decentralized budgets	All Tete province.	No more Danish leadership. Only financial and research advisers.

Source: F009, page 37

### *Impact on Poverty Reduction*

4.28 With the end of the civil war, in Phase 4 (1993–99), the Danida project was able to turn to addressing poverty reduction issues and working in a ‘sustainable’ way. This meant working with the family sector and transferring responsibility for project activities to the Provincial Directorate of Agriculture (DPA). In an analysis of the extension organization, the actors involved, the geographical scope of operations and the content of the extension package, the CDR study demonstrates the very great challenge which the project faced. The authors warn against over-estimating what is possible for the public extension service in terms of poverty reduction, bearing in mind the resources likely to become available. The Danida project never reached beyond the pilot phase, during which time the family sector benefited only modestly from minor parts of the extension project package. Project activities had only a limited spread outside the immediate group of contact farmers. On the basis of the evidence, it dismisses the idea that a public agricultural extension service could solve the problem of poverty reduction on the scale envisaged. It concluded that the extension system, which constituted the backbone of the Project, as well as of the ProAgri programme as it was being implemented in Tete Province in 2002, was unlikely to develop into a system capable of providing services to the family sector in a way that would be financially realistic. The situation did not call for great optimism and called for serious reflection regarding the future of the entire extension service.

“We do not suggest that maintaining the poverty reduction focus of Danish development assistance is impossible. We are suggesting, however, that *poverty reduction is not merely* a technical management question, and that within the Mozambican context it is important to take a very pragmatic approach to one’s long-term objectives, as these might not be immediately feasible.” (F009: 81)<sup>9</sup>

*Shifts from emergency to project to programme assistance*

4.29 Table 4.4, which is reproduced from the CDR study, suggests an evolution which seems very rational and clear to project planners and aid administrators in Maputo and the capitals of the contributing donor countries. Beginning during a humanitarian crisis, in which it provided emergency aid, the project was expected to gradually evolve into a third phase, initially providing development assistance to the farmers most able to use the inputs of seeds and tools and other basic production requisites. These were the male-headed households that produced most of their own food on the best land and regularly marketed surpluses and NOT the great majority of mostly female-headed households cultivating small subsistence plots.

4.30 The attempt to move from the third phase of the project to one which was considered to be institutionally and financially sustainable was not popular with the minority who had enjoyed the generosity of Danida and the benefits of a decade of emergency relief. These were the larger farmers, the provincial and district officials, the field extension staff, the suppliers of inputs and so on.

4.31 In the fourth phase of the project, the strategy was to promote farmers’ self reliance. Aid was no longer to be delivered in the form of handouts, but by way of applied research to devise, test and demonstrate agricultural improvements, by the training of extension workers, by the building of offices and accommodation, by deploying village extension workers and by delivering extension ‘packages’ to groups and farmers.

4.32 As the study demonstrates, the transition was neither smooth nor logical in practice because none of the actors – neither the officials, nor the government-employed village extension workers, nor the better-off farmers and their leaders believed in it. Interestingly, none of the Danida-employed project directors (for different reasons) were convinced either:

“When we look more carefully at the project's history, a surprising paradox emerges. The linear development that the project has undergone is not necessarily the result of a willed process. Project leadership always warned against what was embarked upon immediately in the phase that followed. In 1987, the Danish project director said that a continuation of the project was impossible if the war continued and the national management remained. None of these changes were made, however. The project director from 1989 to 1992 stressed that the creation of an extension service within the Government's structures was not advisable. ....Nevertheless his advice was overruled. Finally, his successor, in meetings in Maputo (according to Danish sources interviewed in Tete), strongly dissuaded turning the Tete project into a test case for transfer to sector programme support by referring to the weak institutional basis, not only in Tete, but in Mozambique as a whole.

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<sup>9</sup> Note that these quotes are taken from that edition of the evaluation which is placed on the Danida Evaluation website and not from the original version on the NCG pre-study data base, the text of which was edited before it was posted on the web. The sense has not changed much, only the text to which minor grammatical changes were made. There is one important exception; the original version carried the somewhat ironic title, “Poverty Reduction through Government Support?”.



It is not suggested that these individuals were necessarily right in their assessments. But they do point in other directions than the linear development that is created upon project completion.” (F009: 84)

4.33 In the concluding chapter from which the above quotes were taken, the authors ask why the advice of project management was not taken. They offer what they call some ‘speculative’ suggestions:

- “The advice was not conceived as being in line with general Danida policy, which stresses long-term commitment, institution-building, sustainability and poverty orientation.
- There is a lethargy in decision-making procedures that makes quick response to advice very difficult.
- When a political decision is made that support should be provided to a given region in a given country, it takes very critical evaluations to discontinue assistance. Whenever it can be argued that there are realistic possibilities to “learn from past experiences”, aid is continued once Danish aid is already more or less established in a given locality.
- Development orthodoxies are generated mainly in the donor countries, based on analysis of the situation in societies where the development projects work. This analysis does not always include long-term fieldwork [of the type undertaken by CDR in Tete in 2001/2002].
- “Political correctness” and the fact that donor and recipient governments have to agree about the running of projects lead to a lack of acknowledgement of the political implications of aid assistance.
- The sector programme approach in Mozambique was introduced not because of strong institutional capacity, but because the agricultural sector had a high priority in Danida.” (F009: 84)

### **Zambézia agricultural project (1988–93)**

4.34 The Danida-funded provincial agricultural project in Zambézia (*Zonas Verdes Agricultura*) (104.Mozambique.33) commenced 3 years later than the agricultural project in neighbouring Tete. It was initially planned to run for 5 years. According to the Board note, June 1988, it was an economy version of the Tete agricultural project, ‘reduced down to the main objectives of food production implemented through a single agency in relation to GOM priorities’ (F010: page 4). It was staffed by 3 Danish advisers (*cooperantes*) recruited by the World University Service – one project director and two agricultural extension and training specialists. The Phase 1 budget was DKK 41.00 million of which 37% was for agricultural inputs. The Board note explained that the distribution of farm inputs was a response to the insecurity situation which had created shortages of tools and seeds: ‘In the longer term it would be the intention to reduce this input through encouraging self-sufficiency in seed and tool production.’ (F010: page 4)

4.35 The first-phase project was executed from 1989 to 1994 in a situation of war which limited the project's activities to the surroundings of Quelimane. From 1992 onwards, after the signing of the peace accord, the activities were expanded to include the districts of Mocuba and Alto Molocué (Nilsson 1996).

## **Zambézia agriculture and infrastructure projects**

### *Agricultural Extension Phase 2 (1994–99)*

4.36 *Extensão Rural Zambézia* constituted the second phase of the Zambézia agricultural project (104.Moz.33). It commenced in June 1994 under the Ministry of Agriculture. Ibis acted on behalf of Danida as the cooperating agency to the Provincial Directorate of Agriculture and provided a project manager and two advisers. The budget of DKK 29.21 million was significantly reduced from Phase 1.

4.37 The integration of the Project into the local government structure at provincial level served to strengthen the efficiency of the project and reinforce the institutional capacity at provincial and district level (Nilsson 1996). At that stage, in 1996, the project had not yet succeeded in phasing out the distribution of subsidised agricultural inputs. The concluding evaluation stated that the costs of the project were high when seen against the relatively limited number of peasants that had benefited from the project. However, the many training activities were judged to have been a valuable outcome of the project (F014).

### *Infrastructure Phase 2 (1994–99)*

4.38 The project (104.Moz.49) was a direct continuation of an earlier one, and involved reconstruction and renovation of infrastructure in three districts in Zambézia province, which were particularly hard hit during the civil war. Ibis acted on behalf of Danida as the cooperating agency to the Provincial Directorate of Public Works. The activities, carried out in close cooperation with the local authorities and the local population, involved road works, renovation of schools, health clinics and other social infrastructure. The project used labour-intensive methods for road construction, for which part of the workforce were demobilized soldiers. The involvement of local labour contributed to wage earnings in the local community and helped to build expertise in maintenance. The project began phasing out in 1998 with closure planned for the end of February 1999. The road maintenance component was transferred to the local authorities. Through its activities, the project created opportunities for economic and social development and contributed to improved living conditions for the local population, including returning refugees. A total of 419 km of roads, water supplies in 3 district towns, 3 health centres and 2 schools were rehabilitated and 20 primary schools and 2 colleges were built (F1247). Several local entrepreneurs were trained in building schools and labour intensive roads and bidding for tenders. Another important outcome was the training of technical staff. Just as in the agricultural project, there was an emphasis on capacity building with regard to construction and public works.

## **Seed control, plant protection and agricultural training projects**

4.39 In Table 4.3 are listed three projects that are of a more technical nature. They were supported by Danida at national level from shortly before the Peace Accord in 1992, in a period when options for donor assistance to the agricultural sector were more limited than in the period which followed. Already by 1994, it was being suggested that Danida assistance to projects in the plant sub-sector level should be phased out and that Danida should expand its support to small-scale agriculture in the provinces of Tete and Zambézia.

4.40 Danida supported the in-service training institutes (CFA - *Centro Formação Agraria*) from 1992 to 1996 with TA and DKK 17.5 million. 50% of the budget went to construction of hostels and staff houses at CFA and course centres at the CFAs. The agricultural training project, however, was recognised to have strategic importance in the longer term and it was proposed that national support to provincial and district extension training institutions via CFA should be

strengthened (F077). The continuation of this support was interrupted by the shift to sector programme support.

4.41 Funding of the CFA appears to have ceased in 1996, but direct support to National Seed Control (104.Moz.56) and Plant Protection (104.Moz.59) continued until July 2000 when Danida commenced its contribution to ProAgri through the common fund. After that date, Danish funds to the two projects were merely 'attributed' to Denmark and from then on the sub-sector is reported to have suffered from 'insufficiency of funds and untimeliness of disbursements'. (F090)

### **Preparation for ProAgri**

4.42 As noted in Section 3, in the mid 1990s, the Ministry of Agriculture and Fisheries was still weak and marginalized and lacked resources, institutional capacity and a presence in the field. It was confined to playing a supporting role to many donor-funded agricultural projects which had not been located or planned in the context of any national agricultural strategy or programme. This situation led the government and important donor partners to address some key issues: (i) how to build the capacity of the MAP so that it could take the leadership role in planning, coordinating and supporting agricultural growth; (ii) how to shift donor assistance out of the project mode since it had led neither to a national agricultural development strategy nor to growth in the capacity of the sector Ministry.

4.43 In the period 1996–2000, Danida played a leading role in the development of ProAgri, providing some DKK 5 million to finance the planning process. Important elements were:

- the involvement of the Provincial Directorates of Agriculture through meetings in the provinces;
- a seminar on Functional Analysis to consider the role of the public versus the private sector;
- a high-level seminar with other relevant ministries to harmonize policies for agricultural development;
- consultancies in the field of financial management, asset and vehicle management, and information systems management

and in October 1997 hosting a donor meeting in Copenhagen in which the following countries and agencies were represented:

- Denmark, EC, Finland, GTZ, IFAD, Italy, The Netherlands, Portugal, Sweden, USAID, African Development Bank, FAO, UNDP and World Bank.

The meeting resulted in agreement on a number of principles and procedures relating to:

- financial management, joint external audits, flow of funds, joint reviews, reporting monitoring and evaluation, procurement, joint donor policy on incentives for government staff, etc. (F135).

4.44 In May 1998, the Joint Donor-GOM Appraisal of ProAgri (with the participation of 16 donor countries/agencies) was accepted. It was agreed that donors would gradually move away from financing discrete projects and instead commit funds to a commonly agreed programme of

expenditure. A 'Justification and Concept Paper', including a set of agreed basic principles, both related to institutional and policy issues as well as the technical components - was annexed to the *Aide Mémoire* from the Appraisal (F138).

4.45 The preparation of an annual activity plan and budget (PAAO) for 1999 was a major task for the remainder of 1998 together with a number of other tasks:

- the completion of the functional analysis;
- the development of an incentive scheme that would be on-budget, compatible with the Civil Service Reform and persuade qualified staff to accept decentralized positions;
- the further development of common financial management systems as well as the establishment of a transparent system for the management of vehicles and other assets.

Those involved remember the process as administratively burdensome, typical of SWAps.

4.46 On the evidence, Denmark was a prime mover in the consensus building needed for the emergence of ProAgri between 1996–1999 and, judging by the reports of RDE officials to the Danida Board, which made two visits to Maputo in 1998 (F137, F136), the RDE was pleased with the outcome of the leadership role it had played. Much effort went into clarifying principles and developing systems and procedures which would support alignment and harmonisation. ProAgri was the first attempt to create a SWAp for A&RD and initial conditions were far from ideal (Evans op.cit.). ProAgri was to be a test case.

### **ProAgri in practice**

4.47 Phase I was agreed in 1998 for a period of 5 years when the GOM and donors agreed on the financing of ProAgri, based on activity plans for 1999 elaborated by MAP (F088), but the MOU was not formally signed until May 2001. Thus Phase I was extended until 2005. The MOU for Phase II was not signed until February 2007. The objective of Phase I was:

“To put in place improved institutional arrangements for the financing and delivery of agricultural services for the family sector, and the capacity to efficiently and effectively provide for the essential public good functions of the Ministry of Agriculture and Fisheries (MAP)<sup>10</sup>.” (Danida Programme Document (F088) for ASPs-I, July 1999, page 12)

4.48 Eight co-financiers and eight other external partners<sup>11</sup> participated in the programme for Phase I, but the number of participants has varied over time. Two ProAgri co-financiers, USAID and the World Bank (World Bank, 2007), pulled out at the end of Phase I. Two have recently joined - Canada and Finland. Two others, DFID-UK and the Government of the Netherlands, have switched their funding of ProAgri to General Budget Support.

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<sup>10</sup> MAP became the Ministry of Agriculture and Rural Development (MADER) in 1999

<sup>11</sup> Co-funders: Canada, Danida, DFID, European Commission, IDA/World Bank, Ireland, Netherlands, Sweden, USAID; Other External Partners: UNDP, FAO, African Development Bank (AfDB), Australian Agency for International Development (AusAID), Finland, Italy, IFAD, Austria

### Box 4.2: ProAgri-I and II Principles

Basic Principles for ProAgri-I	The Operational Principles guiding ProAgri-II
<ol style="list-style-type: none"> <li>1. Poverty Reduction;</li> <li>2. Decentralisation and Empowerment;</li> <li>3. Good Governance - Transparency, Responsibility and Participation;</li> <li>4. Policies, program and activities designed with attention to gender-related issues an implications;</li> <li>5. Policies, program and activities reflect increased attention to rights and needs of smallholder farmers concerning access to land, inputs and markets;</li> <li>6. Policies, program and activities designed with attention to environmental and social sustainability;</li> <li>7. Market-oriented policy framework;</li> <li>8. MAP activities limited to core functions and MAP strengthened to carry them out.</li> </ol> <p>Source: Memorandum of Understanding, Annex 3, 'Basic Principles Document' MADER, May 2001 (F101)</p>	<ol style="list-style-type: none"> <li>a. Focus on poverty reduction, including household level food security and income, and concern for small farmer needs and rights;</li> <li>b. Decentralisation, good governance, transparency and accountability;</li> <li>c. Market-oriented policy, with MINAG focusing on creating an enabling environment for the development of the agriculture sector, and strengthening its capacity to fulfil this remit;</li> <li>d. Empowerment and participation, including active involvement of all stakeholders and a commitment to expand the role and increase the effectiveness of civil society organisations and the private sector in the agricultural sector;</li> <li>e. Sensitivity to issues of equality (Gender, disabled, etc) the impact of HIV/AIDS and other causes of disadvantage;</li> <li>f. Social and environmental sustainability and sustainable use and management of natural resources.</li> </ol> <p>Source: Article 1, 1.2, (1.2.3) Operational Principles, Memorandum of Understanding ProAgri-II January 2007</p>

4.49 The Programme Document for Phase I consisted of the MOU of May 2001 (F101) and the attached annexes, particularly the 'Basic Principles Document'<sup>12</sup> (Box 4.2) which constituted the agreement between the government and the donors. The document provided the framework for the annual review of implementation progress by government and the donor group in the annual reviews. Consistent with the emphasis on government ownership, the Basic Principles provided a general guidance framework that also served to determine eligibility for funding of planned MAP actions. Each of the Overarching Basic Principles was refined at two levels in a matrix. First at a general level and then in terms of each programme area (Institutional Development, Agricultural Research, etc. – see paragraph below).

4.50 There were eight components or programme areas in Phase I: (i) Institutional Development; (ii) Agricultural Research; (iii) Agricultural Extension; (iv) Crop Production; (v) Livestock Support Services; (vi) Forestry and Wildlife Management; (vii) Irrigation; and (viii) Land Management. These components were hypothetically clustered into three sub-programs: Institutional Development (component (i), (USD 62.3 million); Agricultural Support Services (components (ii) – (v), USD 84.3 million); and Natural Resource Management (NRM) (components (vi) – (viii), USD 69.9 million).

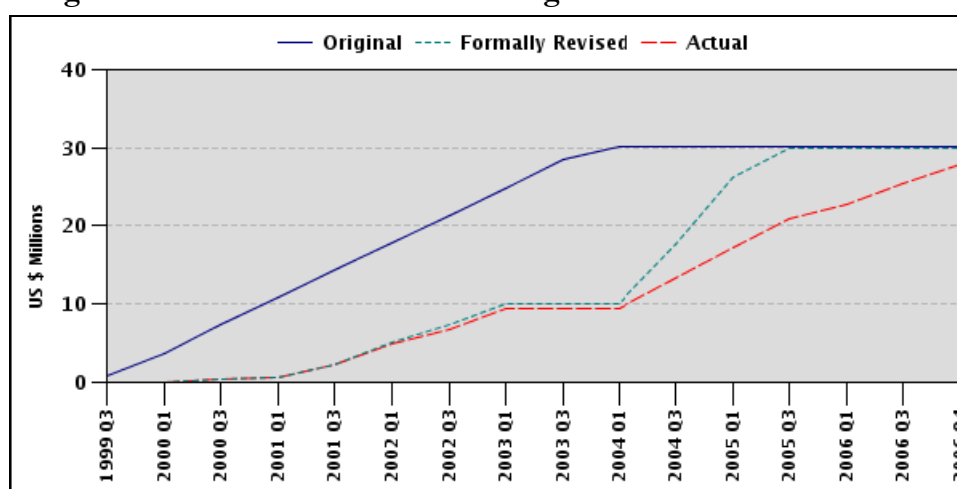
4.51 In practice, there were wide departures from these projected expenditures. There was overspending on Institutional Development and under-spending on most agricultural support services. Detailed plans were not specified for each component because non-earmarked funding was provided through the government budget to finance the entire expenditure programme of

<sup>12</sup> The document is also available on the WB website in Annex 11, Project Appraisal Document, Agricultural Sector Public Expenditure Program (ProAgri) January 22, 1999, Report No: 18862 MOZ

the Ministry. RDE report that by 2003/04 about 50 % of the funds were spent in provinces and districts and communities. In Manica, of the amount arriving to the province, 60% was channelled to the districts. The decentralisation in ProAgri was pushed by some active provincial directors and supported technically by the TA provided by Danida.

4.52 Activities were to be decided by the MAP through annual expenditure plans. Donor support was to be pooled to fund what was intended to be a long-term, MAP-owned development programme with a focus on policy and institutional reforms. There were three or four years before disbursement through ProAgri-I got fully under way. Problems arose with the flow of funds from the Ministry of Planning and Finance to the Ministry of Agriculture. Further, neither Government nor its partners complied fully with the MOU. In the period 1999–2006, USD 180 million was disbursed (see Figure 4.1), mostly as ‘on-budget grants’. ODA to ProAgri totalled 50% of all resources mobilised for agriculture.

**Figure 4.1 Disbursements of the ProAgri-I common fund 1999–2006**



Source: World Bank, 2007

4.53 ProAgri Phase II was scheduled to commence in January 2006. The expectation was that ProAgri-II would continue to strengthen the core functions of MADER, but also broaden the scope and effectiveness of A&RD interventions (F123). The Strategy Document for Phase II was prepared in 2004 when the MADER still had responsibility for rural development. With the creation of the Ministry of Agriculture (MINAG) by the new government in February 2005, the National Directorate of Rural Development was moved to the Ministry of Planning and Development (MPD). ProAgri was continued by a group of donors on an interim basis until the MOU for Phase II was finally signed in February 2007 between the GOM, represented by MINAG, the Ministry of Planning and Development (MPD) and the Ministry of Finance (MOF), and 8 Partner Agencies. These were Canada, Denmark, European Commission, Finland, Ireland, Sweden and IFAD. The overall structure of the Phase II MOU is similar to Phase I: direct budgetary support to MINAG to strengthen its core functions and implement its annual plan of activities. An overall ProAgri development strategy had not been concluded by the end of November 2007; however in terms of its strategic approach and results framework, Phase II is closely linked to PARPA.

4.54 The objectives of ProAgri-II set out in the MOU of February 2007 make no explicit mention of further institutional development of the MINAG:

“1.3.1. The goal of ProAgri-II is to contribute to poverty reduction and improved food security.

1.3.2. The specific objectives are:

- i) to support smallholders to develop their agriculture and natural resource related activities;
- ii) to stimulate increased agricultural and natural resource based production and development of agro-industries for domestic and export markets; and,
- iii) to guarantee sustainable natural resources management and conservation that takes into account community, public sector and private sector interests.”

4.55 The scope and content of the agreement, although more elaborate and detailed in matters relating to *inter alia* consultation, reporting, decision making, performance assessment, etc., is otherwise not fundamentally different to that in ProAgri-I (F101). It should be stressed, however, that:

- Phase I was basket funding of the defined programme activities, whereas phase II is sector budget support (i.e. integrated with the GOM funds in the state treasury) for the implementation of all activities of the sector;
- As in Phase I, funds to local levels in Phase II are not disbursed to MINAG but directly to the provinces;
- The procedures are aligned with the joint review procedures linked to the general budget support;
- The performance matrix is an important new step with the aim of focusing the dialogue between MINAG and donors.

4.56 Signatory partners continue to undertake to disburse funds, to what is now called the ‘Common Flow of Funds Mechanism’ (CFFM), for the implementation of MINAG’s annual plan of activities. The MOU explicitly refers to “Partner Agencies contributing to the implementation of ProAgri-II through sector budget support (with untied and attributed funds).” The Phase II MOU has five annexes. Annex 4: ‘ProAgri Performance Assessment Matrix’ has 23 indicators.

4.57 The recent project completion report of the World Bank assistance to ProAgri-I points out that while the new agreement reached with the donor partners provides continuity, there are tensions that will need to be addressed, the main one being the trade-off between funding further institutional strengthening of MINAG as opposed to providing more resources to frontline activities. On the one hand, more investment in MINAG is needed for many of the Phase I reforms to take deep root and mature and without which long-term service delivery capacities of MINAG will be undermined. On the other hand, there is increasing lack of support, among both government and donors, for continued investments in MINAG as opposed to financing interventions that produce substantive outcomes on the ground (World Bank, 2007).

#### *ProAgri November 2007*

4.58 At the time of the visit by the DME team, there was concern about the serious loss of morale in MINAG. All parties referred to the exodus of qualified personnel over the last two

years. Well trained and motivated staff from HQ and the provincial level had left MINAG for other posts (other ministries, private sector, embassies and donor agencies). They had been attracted elsewhere by higher salaries, prospects and higher status following the perceived loss of standing of MINAG and the uncertainties surrounding its future:<sup>13</sup>

*'Trained staff do not want to be associated with a bad programme.' .... (D-RDE)*  
*'Other ministries are cannibalising MINAG.' ... (D-RDE)*  
*'The product of all our efforts to capacitate the Ministry has evaporated. MINAG is losing staff and those that remain are demotivated' .... 'There are no accountants to manage the budget. The level of available resources has passed a threshold beyond which the stability of the Ministry is severely threatened.'* (ND-Donor)  
*'Many people are leaving the Ministry. There is a loss of confidence.'* (ND-GOM)  
*'The Ministry became very strong at provincial level and this led to jealousy..'* (ND-GOM)  
*'With the events of 2005, practically all our work came to a halt – this meant we were prevented from giving our staff extras. Now the salaries of the others are higher, which has been destabilising for the ministry. We have lost people who are well trained in financial matters and procurement to other departments that offer better conditions. The Ministry of Finance pays double of us, customs five times as much. Others have left for donors, some to NGOs and WB. The situation is very worrisome.'* (ND-GOM)  
*'We don't have many educated and hard working people left. 80% of Pro.Agri people have gone to other ministries to help roll out SISTAFE, to donors and to NGOs. The ministry once had a good standing and was ahead of other ministries, but not now.'* (D-TA)  
*'We want to have a coherent plan for capacity development in the Ministry. At present there is no plan. It is like watching Titanic..'* (ND-Donor)

4.59 Another concern was the status of the Ministry's work at district level arising from the decentralisation policy and unresolved issues relating to the merging of the economic directorates. Confusion was reported over the vertical and horizontal channels for planning and budgeting - through vertical ministry hierarchies and/or through district governments:

*'At the district level, there is terrible dislocation.'* (ND-Donor)  
*'There is lots of confusion at the district level regarding the appropriate activities relating to the reduction of poverty and the use of the district funds.'* (D-RDE)  
*'People are confused. We are not clear at district level now. There is no longer a direct link between the district and the province and the Ministry of Agriculture. The provincial link has gone. At district level, agriculture is grouped with other economic activities. Agriculture has been diluted. There was already enough work for the MINAG staff. Now there are extra things. The work has become political rather than technical. The district development plan has become a wish list. As there are unlikely to be financial resources coming down to implement the plans, it can be a frustrating business.'* (ND-GOM)  
*'The joint evaluation of Pro.Agri says nothing about its impact on poverty. We have an annex in the new MOU with 23 indicators. Government has reported on 16, but with no explanation of the methodology. MINAG have focussed on the output level but not on the outcome or impact level.'* (ND-Donor)

4.60 There was concern about the lack of clarity regarding MINAG's mandate and the government's A&RD policy and strategy at district level:

*'There is a lot of confusion in government'.* (D-RDE)  
*'Pro.Agri-II had been shaped to rural development. From that moment of separation of rural development from MADER onwards, there have been confusing moments.'* (ND-Donor)  
*'Resources are being used for activities which were not included in the Pro.Agri budget and plan, for example the free distribution of inputs in a selective manner. It is not possible to link the MOU to a strategy. No strategic plan has been forthcoming.'* (ND-Donor)  
*'Provincial Directors spend Pro.Agri money on what the President decides.'* (ND-Donor)  
*'Most provinces don't have a strategic development plan, and there is no agricultural development plan. District development plans*

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<sup>13</sup> These and other quotes are drawn from the bank of interviews on which the Perception Study is based. The PS includes relevant sections on Agriculture, on TA and on Tete.



*are not very clear. There is a lack of clear indicators and targets. Coordination is very weak at the district level. The real weakness is the absence of guidelines for districts. The District Administrator doesn't know what his priorities should be.'* (ND-GOM)

*'When we designed ProAgri-II, there was more rural development in the programme – for example markets. Without market access, farmers get nowhere.'* (ND-GOM)

*'Now the Green Revolution has been launched, it is to be determined how the strategy is to be implemented. Under this framework, the leading ministry is to be the Ministry of Agriculture – but many components are outside our ministry. We are supposed to come up with a plan, but how can we do this?'* (ND-GOM)

### *Recent evaluations and reviews of ProAgri*

4.61 In addition to the several periodic reviews of ProAgri conducted by Danida teams, there are several external reviews which are of interest to the DME. The conclusions of two of these are briefly noted below. An insightful review is contained within the very recent (15 June 2007) 'Implementation Completion and Results Report of the IDA Adaptable Program Credit of ProAgri-I,' to which references are made in this paper. Another important review is one commissioned by the RDE in connection with the preparation of ASPS-II, by Weimer et al in 2004.

### The ProAgri-I Final Evaluation

4.62 The joint final evaluation of ProAgri-I (Price Waterhouse Coopers, 2007), on which work began towards the end of 2006, records both positive and negative outcomes. Successes mainly relate to the establishment of 'instruments of programme management and co-ordination' which resulted in collaboration and a shared vision of agricultural sector development. It was found that the coordination brought more order and investment to the sector. Fragmented donor-driven projects had been replaced with a more comprehensive agricultural development programme that helped MINAG to realign its functions, organization and approaches with the requirements of a market economy. It had put MINAG at the forefront of Mozambican ministries. The decentralization of MINAG activities was reflected in the growing subventions to the provinces. By 2004, the provinces were receiving 49% of the total ProAgri budget. However, while overall disbursement of ProAgri funds fell by 9% in 2005 compared to 2004, as the programme was coming to an end, the amount to the provinces plunged by 31% but the disbursement at central level increased by 12% (Table 7.1, Main Report, ProAgri Final Evaluation, PWC, 2007).

4.63 Decentralization of the financial responsibilities and the planning process to the district and provincial levels had taken place, but the process had been hampered by poor transition planning and erratic fund delivery from central government. Considering the severe and recurring problems which were encountered in the first few years of the programme, including the diversion of donor contributions from the Common Fund for other purposes,<sup>14</sup> (F093, F094) the financial management of ProAgri had improved, but audit reports have been consistently delayed. The ProAgri-I Final Evaluation notes that:

- The internal audit is weak with no qualified and experienced Internal Auditors in the team;
- The unit is thinly spread, considering the number of provinces and districts to be covered;

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<sup>14</sup> MADER decided in October 2000 to allocate USD 2 million from ProAgri-funds to an ongoing Agro-Livestock Census (CAP) originally intended to be financed by the World Bank (F093).

- The Internal Auditors do not have the capacity to visit every province and district annually.

Regarding external audit, the ProAgri-I Final Evaluation notes:

- MINAG did not have qualified and experienced staff to keep the books and accounts up to date at provincial and district levels;
- Lack of interim audits prolonged the final year-end audits;
- The Arco-Iris accounting software was not fully operational and the auditors could not rely on it (up to 2004 after which it is reported to provide reliable data).

4.64 The ProAgri-I Final evaluation found fault with human resources management. The majority of staff had no formal job description. There was neither an effective means of evaluating staff performance, nor a strategy for dealing with poor performance. Although training was provided, only one quarter completed their course. There was no staff development plan at either central or local levels. When trained staff became eligible for promotion, the majority ended up returning to their old jobs with no prospects of advancement. There was a need to provide planned career development as incentives for retaining staff.

4.65 The inappropriate attitude to monitoring represented one of the major reasons for its slow development. Monitoring was seen as a means of ascertaining whether the field workers were doing their jobs, rather than as a means of assisting them to improve their capability to respond to the community's problems. M&E was reported to have been a problem since ProAgri's inception:

**Box 4.3: Observations from the field (Source: D-TA)**

*“While it is noted that some 48% of ProAgri funds are transferred to the provinces there is poor monitoring of how these funds are utilised. Disbursement never meets the requested amounts.*

*The PWC Evaluation was mainly a stakeholder survey that collected information on the perception of ProAgri and did not at provincial level include an assessment of the financial reporting in relation to the actual activities and achievements. Financial tracking was noted as being of particular concern, especially in monitoring the delivery of funds to the field activities.*

*There is a lack of transparency of the DPA budget which is presented as consolidated financial statements and thus it is impossible to answer detailed financial management questions on the use of funds and the procurement processes. It appears from the 2005 DPA Financial Report that many of the budget items in the investment budget relate to TA, vehicle operation, office running costs and thus makes it questionable why these expenses are not included in the operational budget. However, this appears to have changed with the requirements of linking the expenditures to the Annual Activity Plan and Budget (PAAO).*

*The PWC Evaluation diplomatically calls these institutional development costs. It is noted for Manica Province that from 2002 to 2005 the ProAgri funds were utilised as follows:*

- Institutional development, with transport and office equipment 84.14%;*
- Field equipment 0.96%;*
- Field Inputs 2.8%;*
- Medicine and drugs 12.2%*

*Local Development Projects are formulated and implemented without an adequate national and provincial strategy. Monitoring of programmes at the provincial level is at best only related to activity monitoring rather than impact. Funds are not linked to activities and activities not linked to results. One of the major problems encountered in the implementation of the Local Area Development project is the procedure of granting or withholding clearance (visto) by the Tribunal Administrativo.*

4.66 The ProAgri Final Evaluation concluded that the impact of ProAgri at the farm level had been insignificant. Yields per unit area of land had been stagnant for years; the public extension service is reaching less than 5% of small farmers. GOM budget allocations for the agricultural sector remained at a very low level of 4-6%.

The ODI review of sector-wide approaches

4.67 An ODI review of A&RD SWAp in seven countries, led by Alison Evans (see Global Donor Platform for Rural Development, Synthesis Report, 2007) contains an assessment of ProAgri-I which was made in a field study conducted by Cabral et al. (2007). The review found that initial conditions for the creation of a SWAp in A&RD in Mozambique were difficult. Although public expenditure and donor contributions to the sector were significant and there was a clearly identified need to bring coherence to many donor interventions in the sector, the management of ProAgri had been hampered by the lack of a clear government A&RD policy. Ideological differences about the role of the state in agriculture and other aspects of rural development had persisted within government and between government and donors.

4.68 The ODI review concludes that part of MINAG's lack of confidence derived from continuing uncertainty about its role. While improvements in institutional and technical capacity had absorbed as much as 60% of resources in ProAgri, adverse changes in MINAG's responsibility had undermined its leadership of the sector and had limited the effectiveness and impact of ProAgri expenditure.

4.69 Cabral expected the lack of institutional and policy stability to be a continued challenge. The search for policy coherence was made more difficult by an aid system in which donor influence was strong and in which donor resources were provided ‘off-budget’ at sectoral or provincial levels despite the common funding approach of ProAgri.

4.70 The ODI study nonetheless commended the progress that had been made by MINAG in setting up the common funding mechanism, the common planning and budgeting framework, and the financial and reporting arrangements. It found that these improvements had gradually become more embedded in the domestic planning and budgeting systems. The MOU signed in early 2007 for ProAgri-II was committed to transform the common fund, until then a partially on-budget basket fund, into the first example of sector budget support in the country. Planning, disbursement and financial reporting calendars and procedures were expected to become fully aligned with the government’s budget cycle and systems.

4.71 But, as with the ProAgri-I Final Evaluation, the ODI review criticised the inadequacy of the M&E system. According to the ODI review, MINAG had difficulty in linking specific investments funded under the SWAp to outputs and outcomes. The system was designed primarily to account to the donors and was mainly focused on financial performance.<sup>15</sup> Little attention was paid to monitoring the efficiency, quality and effectiveness of service delivery by the government. The tools developed for data collection and monitoring procedures failed to focus on the delivery and performance of government services and their contribution to agricultural and livelihood outcomes.

4.72 In seeking to answer the question whether the setting up of ProAgri had resulted in a significant improvement in the quality of service offered, the ODI review found that in most instances it was not possible to say. The overall impression was not encouraging. During ProAgri-I, most of the funds had been spent on personnel and the acquisition of goods and services.<sup>16</sup> More detailed breakdown of expenditure on types of service (e.g. veterinary or extension service) was not available. There was no obvious way of tracking output and outcome level service delivery improvements and relating them to the funding mechanism.

4.73 Cabral et al conclude that the time and resources dedicated to development planning and financial management systems had not been matched by much needed development of capacity to make use of existing systems in a way that would contribute to better service delivery, and that MINAG (and also the funders presumably) had got trapped in the means (i.e. the systems and procedures) and lost sight of the ends that the SWAp was supposed to deliver. The policy statements and the institutional changes made by the new government (which resulted in the restructuring of MINAG and ‘loss of rural development’) were partly a response to this situation. The dilemma was now how to hold on to the investments made to date while moving, under the new political direction, to a much more decentralised and multi-sector model of delivery for rural development.

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<sup>15</sup> Apparently, the WB had a mission in Mozambique to re-design the accounting system (*Arvo Íris*) to suit WB reporting requirements. *Arvo Íris* is a purpose designed computer software which is meant to generate data on financial execution by component (i.e. area of intervention) enabling more detailed analysis of expenditure than allowed by MPF’s accounting system which only details public expenditure by economic classification. According to Cabral et al (2007) ‘the reading of such data is not too encouraging’ (page 42), i.e. instructive or informative.

<sup>16</sup> An RDE reviewer of an earlier draft of this working paper points out that “These are the three main categories in GOM system. So all the funds were spent on personnel, goods or services (Despesas com Pessoal, Bens, Serviços, Bems de Capital).”

## Agriculture Sector Programme Support Phase I (ASPS-I) 1999–2005

4.74 Danida aimed to assist small-scale agriculture and poverty alleviation: (i) by contributing to national public expenditure for agricultural development incurred by MADER (i.e. to the ProAgri common fund mechanism); (ii) by contributing to the rehabilitation and maintenance of rural roads under the responsibility of the National Road Authority at the provincial level; and (iii) through initiating assistance to private sector development in the provinces (F088).

4.75 Over a period of 15 to 20 years, the long term development objective of ASPS-I was to contribute to the achievement of ‘a sustainable and significant improvement in agricultural production and the living conditions of smallholders and their families’ (p. 24, F088).

4.76 The immediate objectives for Danish support were expressed as follows:

- ‘Increased capacity of smallholder farmers to produce beyond family subsistence, organise themselves and exercise their rights;
- Increased access of smallholder farmers to credit, agricultural inputs and markets;
- Improved delivery of public services and resources to smallholder family farmers by GOM in general and in particular by MAP at all levels.’ (F088)

**Table 4.5: ASPS-I Budget as approved by Danida Board (1999–2004) excl TA**

Component	DKK million	Attributed	DKK million	Miscellaneous	DKK million
ProAgri	129				
Tete		20			
Manica		19		Programme operation	10.
Cabo Delgado		19		Advisory unit	02
Rural Roads	56			Budget margin	23
Private Sector Development	40			Unallocated	20
Technical Assistance			49		
<b>Sub totals</b>	<b>225</b>		<b>49</b>		<b>55</b>
<b>Total ASPS-I</b>	<b>329</b>				

Sources: F075 and F109.

4.77 The Danida Board approved ASPS-I in June 1999, setting aside DKK 329 million for the purpose. This decision represented the culmination of a long process. The Programme Document (F088) was preceded by a series of strategy documents on options for Danish support for the agricultural sector in Mozambique going back to 1994 (F071). All of them, in one way or another, reflect the understandable concern to contribute to the policy debate at the national level, to be involved with the practical aspects of developing the functional components of the agricultural system (i.e. agricultural training and extension, research, marketing, credit, regulation etc) and, most importantly, to remain committed to the realities of small-scale agriculture on the ground in selected areas while grappling with the cross-cutting issues of gender, the emerging problems of HIV/AIDS and environmental protection and management. Central to the discussion was the issue of technical assistance – What was the optimum way of using the Danish resource base to support this broad agenda?

4.78 During ASPS-I, despite considerable effort and commitment, Danida was in danger of spreading itself too thinly over the length and breadth of Mozambique and the agricultural sector. There were three categories of support: (i) within ProAgri; (ii) within ASPS, but outside ProAgri; and (iii) within the sector, but outside ASPS. The last mentioned was the ‘INIA-ISNAR-Danida Project 1999–2002’, a collaborative project aimed at the improvement of agricultural research and management capacity in Mozambique (INIA-ISNAR Project, 2002).

*Attribution of Danida funds within ProAgri*

4.79 The funding of several elements of the programme under ProAgri was ‘attributed’ to Danida, including: (i) the three provinces indicated in Table 4.5 and (ii) the plant protection and plant genetic materials sub-sector which were subsumed under the Ministry’s agricultural research budget (see following paragraph). Attribution did not amount to an earmarking of funds, but simply an acknowledgement that Danida had a special interest in these areas. Tete was chosen because the province had long been assisted by Danida. The choice of Manica was based on its agricultural potential as well as its proximity to Tete, both provinces being part of the central region of Mozambique. Based on the long-time support to the DPAP in Quelimane by the Danish NGO, Ibis, the province of Zambézia was considered. However, due to increased support to Zambézia being planned with financing from DFID, which had supported agriculture in Zambézia with both financial and technical assistance for a number of years, GOM requested in 1998 that the Danish SPS to agriculture would instead include assistance to the northern province of Cabo Delgado. There was an understanding that these areas and activities ‘adopted by Danida’ would be funded by the Ministry, at least up to the amounts attributed to Danida:

**Box: 4.3 Danida’s approach to planning and implementation of ASPS-I**

Danida has assumed a close and concerned attitude in both the planning and implementation phases of ProAgri. This approach implies that Danida, as opposed to most other contributing donors, is providing substantial technical assistance to the programme and has adopted a close monitoring through regular visits, annual and technical reviews etc. This has also brought about an “attributing” budgeting style, i.e. to demonstrate the desired utilisation of Danida resources. Danida is calculating its contribution as an increasing share to the three provinces Manica, Tete and Cabo Delgado [at] the expense of its contribution to central level, regardless of the basket funding mechanism that offsets any attempt to earmark donor funds. Considering general Danida policies and strategies on international cooperation, the **ASR finds this attitude relevant and recommends** a continuation of the hitherto applied budgeting procedures. The **ASR also recommends** that the annual ProAgri work plans and budgets, thematic and technical issues, activities and policies are actively pursued to establish benchmarks in order to gauge the accomplishment of MADER’s achievements.

(page 7-8) Annual Sector Review Agreement 2003, ASPS Mozambique (F096)

4.80 As with the three provinces, Plant Protection (DSV), National Seed Services (SNS) Research and the National Plant Genetic Resources Centre received back-stopping missions and long-and short-term advisers. One very important initiative related to advice and assistance with Integrated Pest Management (IPM) (F089), which is not described further here. The reports of the annual Agricultural Sector Review Agreement 2001 and 2003 (F094 and F096) provide an insight of how the system aimed to track, guide and influence agricultural policy and practice.

*Danida support outside ProAgri*

Rural Roads

4.81 In order to provide smallholders with improved access to markets as well as input supplies and services, the rural roads programme was supported in Tete and Manica. The activities included:

- coordination with other sectors – especially agriculture
- strengthening institutional capacity
- reconstruction of selected feeder roads
- improvement of unclassified roads
- support to development of rural travel and transport programme (RTTP)
- capacity building among local small scale entrepreneurs

4.82 Technical reviews of this component took place in October 2002. The major findings confirmed that it had made important and overall satisfactory progress during 2001 and 2002. Impact and output indicators had been developed as well as additional spin-off effects reported. An important factor among others contributing to the positive results was the timely disbursement of funds from the Road Fund.

Private sector development

4.83 ADIPSA was established with offices in Tete and Manica Provinces in 2000 (later in Cabo Delgado). ADIPSA did not have a partner institution, neither within the Government, nor within the private sector. Possible activities identified in the Project Document (F088) were:

- capacity building, facilitating and financing training activities to build management capacity and strengthen local level institutions with emphasis on farmers' own associations;
- promotion and strengthening of rural financial services, promoting the establishment of sustainable rural financial institutions;
- provision of credit facilities;
- credit for income-generating activities subject to criteria for target groups and feasibility being fulfilled;
- agreements to be made with the formal banking system or through NGOs for the provision of financial services;
- community projects: financing of economic activities of smallholders to be financed partly on a grant basis.

4.84 This ADIPSA component was situated 'outside' ProAgri, because agricultural production was seen to be essentially a non-governmental activity and the private sector was so weak for historical reasons. Advice and assistance to farmers for the purchase of agricultural inputs and/or the marketing of crops was not a public good. Danida saw the initiative as a short-term and experimental initiative and to be approached with caution. The concept changed in the Danida ASPS strategy documents over the period 1995–1999, developing from an apex organisation of cooperative farmers associations as an alternative to the 'unrealistic World Bank system' (F078) to a Private Sector Equity company and a Board' comprising representatives of merchants, farmers, NGOs, GOM and donors (F071).

4.85 The importance of exchanging information with other non-government organisations undertaking similar initiatives was recognised to be important. A key activity for ADIPSA was to facilitate small-farmers' access to farm credit, as opposed to setting itself up as a rural bank. Links with GAPI and ORAM were developed.

4.86 Mission members attached to the Danida/GOM Annual Sector Review Agreement 2001 reviewed the progress of ADIPSA in Tete and Manica. They expressed concern about 'the lack of strategic focus when looking at the constellation of activities being undertaken' (F094). The Annual Sector Review Agreement 2003 called for the focus of ADIPSA to be re-adjusted 'to further accommodate poverty alleviation concerns' and to 'maintain programme focus to ensure that partner activities do not become too scattered and non-coherent'. The high administrative costs were another concern, including the high costs of 'national consultants'. The ASR recommended an in-depth assessment in the first half of 2004. (F096 page 10) A copy of this assessment was not located on the NCG pre-study data base, but references to the assessment were found. In a concept paper prepared by RDE for the preparation of ASPS-II, it was stated that 'although progress has been relatively slow, an in-depth assessment in early 2004 found the component relevant for continued support'. (F119)

#### *Technical Assistance for ASPS-I*

4.87 In addition to the budget of DKK 280 million for ASPS-I, Danida provided some 8 to 10 long-term advisers over the period (DKK 49 million was budgeted). These included: a Chief Programme Adviser in Maputo, a Planning and Financial Adviser in each of Manica, Tete and Cabo Delgado provinces, a Natural Resource Management Adviser in Manica and Cabo Delgado, a junior adviser for Tete, an Extension Adviser in Tete, a Monitoring and Evaluation Adviser in MADER in Maputo, a Rural Roads Adviser (Manica and Tete) and an ADIPSA adviser based in Tete. The decentralisation of agricultural research under IIAM to the ZRCs received support through a Technical Adviser, who was posted to Sussundenga in December 2004.<sup>17</sup> The funding for the advisers was in addition to Danida's contribution to the ASPS-I budget (F109).

4.88 The work of TAs in the field was delayed by problems relating to the late or non-arrival of ProAgri funds (Figure 4.1). The problem continued for most of Phase I. Planning & Financial Advisers in Manica and Tete provinces are reported to have been able to help facilitate the timely accounting for funds received. The ASR recommended the transfer of the Planning & Financial Adviser to Manica 'to DAF at MADER, in order to ensure a continuous and reliable flow of funds at national and provincial levels and prudent internal auditing procedures' (F096 page 11).

#### **Agriculture Sector Programme Support Phase II (ASPS-II) 2006–2010**

4.89 The second phase of the programme, covering the period from January 2006 to December 2010, was prepared during 2003–5 (F119, F123), and approved in November 2005 (F117, F118). The appraisal of the ASPS II was undertaken in July 2005 (F116) and a number of changes were recommended and the Programme Document duly updated (F112). The Agreement was signed in November 2005 and the programme commenced on 1 January 2006. An Inception Review was conducted in October 2006 and reported the following December.

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<sup>17</sup> The Mozambican Institute for Agricultural Research (IIAM) was formed by the merger of four central research institutes and decentralisation of main research activities to four zonal research centres (ZRCs) in order to provide a stronger focus on the problems of small-scale farmers, and strengthening the collaboration with the extension services.



**Table 4.6: ASPS-II Budget as approved by Danida Board (2006–2010) DKK million**

Component	Total ASPS-II	ASPS-II Excluding TA	Technical Assistance
1. ProAgri II	105	85	20
2. Rural Roads	65	55.7	5
contingencies		4.3	
3. Private sector development	100	85	15
Studies & consultancy support	5	5	
Programme operation	17	17	
Advisory unit	3	3	
Total allocation	295	255	40
Unallocated	20	20	
<b>Total sector programme budget</b>	<b>315</b>	<b>275</b>	<b>40</b>

Source: F118, page 1

4.90 Comparing Tables 4.5 and 4.6, it can be seen that the amount set aside for ProAgri under ASPS-II, excluding TA, was DKK 85 m. compared to DKK 129 m. under ASPS-I. For Rural Roads, the budget was marginally increased to DKK 60 m. from DKK 55 m. and, for Private Sector Development, it was increased from DKK 40 m. to DKK 90 m. On the other hand, the TA budget was reduced from DKK 49 m. to DKK 40 m. The total ASPS-II programme budget amounted to DKK 315 m. as compared with DKK 329 m. under ASPS-I.

4.91 The Inception Review (F121) recommended that the Embassy enter into a co-financing agreement with DFID for support to the Community Land Use Fund (CLUF) with an initial Danish contribution during 2006–2010 of DKK 5 m., reducing the unallocated budget of ASPS-II correspondingly. Another initiative using unallocated funds was the ‘Improved Use of Radio in Agricultural Extension’ with a total budget of DKK 1.2 million, and the post-graduate training of Mozambican MSc candidates in Denmark (DKK 5 million), aiming to strengthen agricultural research.

4.92 No attempt was made to attribute any ProAgri-funded activities to Danida under ASPS-II. The attribution of funding was dropped as it had outlived its usefulness. Further, as MINAG’s external auditors had pointed out, under sector budget support it was not possible to trace Danida’s contribution to the CFFM through to specific activities. Nonetheless, the inter-governmental agreement makes special mention of Danida’s interest ‘in the target provinces of Manica, Tete and Cabo Delgado’ (see Box 4.4).

#### **Box 4.4: Objectives and outputs of ASPS-II**

The **overall development objective** of the programme is:

“Sustainable and significant improvement in the living conditions of agricultural smallholders and their families”.

The **immediate objective** of the programme is:

“Increased smallholder farmers’ access to and use of resources (land) and relevant services (public, financial and business) and markets, as well as income, increased particularly in the target provinces of Manica, Tete and Cabo Delgado.”

##### **Outputs of the Programme**

In order to achieve the above-mentioned immediate objective the programme aims to produce the following:

##### **1. Support to ProAgri II**

Smallholder farmers’ access to relevant and efficiently managed public agricultural services and support is significantly improved through:

- Strengthening financial management of MINAG
- Supporting the reform of agricultural research
- Strengthening capacities within Natural Resource Management

##### **2. Rural Roads**

Smallholder access to agricultural inputs, markets and services enhanced through:

- Increasing the total length of accessible district roads (tertiary and smaller roads)
- Increasing district and provincial level capacity in planning and managing road improvement
- Creating temporary employment opportunities for poorest rural households through labour intensive road works

##### **3. Private Sector Development**

Smallholder income from marketing agricultural production increased through:

- Enhancing the capacity of farmers’ associations to enhance their market access
- Providing professional advice for entrepreneurs and small companies within the agricultural sector
- Supporting financial institutions’ expansion of financial services to rural areas.

Source: F120

#### *Observations on ASPS-II*

4.93 In November 2007, when the DME team was in Mozambique, Phase II of the ASPS had been running for almost two years. At that stage, there was no indication that the problems identified during the extended planning and inception period were nearing a resolution. For much of 2006, it was not clear if the partners would agree to sign the MOU for ProAgri-II before their commitment was due in March/April 2007. In the event, the MOU was signed by eight partners in February 2007, but in the following November, it was still not clear that the major risks perceived in the programme document had diminished.<sup>18</sup> On the contrary, the risks appeared to have increased. The major uncertainties were the decline in the commitment of ProAgri partners as a consequence of the problems encountered with the delayed restructuring of MINAG, problems relating to the decentralisation process and a general loss of morale and exodus of staff; issues which have been touched upon earlier in this chapter.

4.94 With the overarching goal of improving the living conditions of small farmers in Mozambique, Danida has designed a sector programme with the immediate objective of improving access to agricultural services and land resources. Danida’s ‘target provinces’ are

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<sup>18</sup> See page 59, Programme Document, F122

Nampula, Maputo, Manica, Tete and Cabo Delgado. The chosen means of achieving these objectives are as follows:

- Danida contributes to ProAgri which aims to improve the quality and outreach of extension services, informed by appropriate agricultural research – important core functions of MINAG. An agricultural research adviser is located in Sussendenga ZRC, Manica Province advising on research and extension in the central provinces of Mozambique (Manica, Tete, Sofala, Zambézia).
- Danida assists with funds for the purpose of securing the tenure of small farmers (CLUF funds are available for use in Manica, Cabo Delgado and Gaza).
- Outside ProAgri, Danida aims to work with the private sector, devising and testing ways and means of improving market access and the availability of farm credit. (ADIPSA is to operate in Manica, Tete, Cabo Delgado and Nampula with a Component Management Unit (CMU) located in Maputo).
- Danida assists ANE with funds for road maintenance, in the expectation that the delivery of farm inputs and outputs will be improved. (Support provided to rural roads in Manica, Tete and Cabo Delgado and to spot treatment in Nampula and Maputo).

4.95 One has to ask if Danida is spreading its efforts too thinly? In all those years in Tete, Danida was able to ‘focus’ on only two or three districts. In addition to the problems posed by the lack of geographical focus, there is the wide scope of subject matter which the programme is aiming to tackle. Understandably, Danida is striving to provide assistance (directly or indirectly) to all the functional components of the agricultural system – extension, research, marketing, credit, input-supply, road access, land administration and also support to the institutional development of the Ministry at district, provincial and national level. Danida could rightly argue that all these warrant attention if farmers’ production and income are to increase and living standards are to improve in the countryside. Nonetheless, it is difficult to support so many interventions over so large an area, with different agro-ecologies and with farmers at different stages of development.

4.96 If the current programme were not challenging enough, one notes the following recommendation in a recent ASPS II Sector Review 2007:

“It is recommended to select 2-3 pilot districts where different extension models can be tested over a couple of years. This should be given high priority and started soonest possible so that the experience gained can be incorporated in the general system when rolled out. Funding should in principle come from the CFFM. If this is not possible other funding modalities should be worked out.”<sup>19</sup>

4.97 This is an important proposal but the ‘pilot project’ is likely to be isolated from others. Would not a more joined-up approach make more sense? The current spot treatment does not offer much prospect of a measurable improvement in living conditions in rural areas. Would it not be possible for Danida to continue with Sector Budget Support (i.e. ProAgri) and at the same time tighten its focus on one province? Is that not what Sida and Irish Aid are doing with their assistance to Niassa?

4.98 This issue was raised in the design of ASPS-II, but it was decided not to depart from the modalities adopted under ASPS-I, as the following quote from the Programme Document (F122, page 29) endeavours to explain:

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<sup>19</sup> ASPS II, Annual Sector Review: Review Aide Mémoire (Draft) TAS MFA/Danida, 4 November 2007

“A number of donors are engaging in area based (province based) programmes (Sida and Irish Aid in Niassa and Inhambane). It requires quite a large sum of money per province and you have to support general capacity building that is not limited to one particular sector. With geographical and sectoral spread of ASPS II it is not practical and financially possible to adopt an area-based approach. This is not to say that ASPS II will not support decentralisation and devolving power to the lower levels. On the contrary, decentralisation will be issues that will be central to the implementation of all the three components – involving district DDAs in planning, financial management and NRM, supporting the area based research in the ZRCs, district and provincial capacity building in roads sector and supporting private sector development in selected provinces.”

#### Private Sector Development

4.99 In the restructuring and reorganisation of the government’s agricultural administration in the late nineties it was agreed that input supply, credit and marketing should be left to the private sector and that donors would facilitate this process. Donors were reluctant to accept that MINAG should extend itself over these areas bearing in mind the problems in the implementation of ProAgri and its seemingly slow reaction to them (F122).

4.100 It has long been claimed that farmers are poorly organised for the purpose. Farmers’ Associations were known to be few and weak in the provinces of Tete, Manica and Cabo Delgado. As noted above, during ASPS-I, little was achieved by the PSD component, but the decision was made to press on with the concept and even to extend its operations. The PSD component does now seem to be out on a limb.

4.101 According to the ASPS-II Programme Document (F112), there are four ‘intervention areas’ for this component: (i) Coordination and Strategy Development (ii) Farmer Marketing Associations Development; (iii) Support to development of agri-business; (iv) Support to Rural Finance. The ASPS-II Appraisal recommended a redesign of the component (F116). The ASPS-II Inception Report (F121), one year after commencement in December 2006, reported delays in the start up of the component and called for a strategy report to be completed in time for a technical review and the Annual Sector Review in October 2007. However, when the time came, the PSD strategy report had yet to be completed and the technical review was postponed until October 2008. In the meantime, the ASR mission recommended the reallocation of DKK 10 million from ADIPSA to the Rural Roads Component, which seems very sensible.

4.102 From the documentation, it is not clear whether problems of PSD are rooted in the feasibility of what is being attempted, or whether the difficulties stem from its management, or both. Initiatives of this nature have met with difficulties before, for example in Danida’s ASPS in Uganda where private sector activities are at a more advanced stage of development and where the political environment for private sector development is friendlier.

4.103 In order to show results, these initiatives often lose their ‘pro-poor’ or ‘poverty focus’. It is difficult to work directly with poor farmers simply on input-supply, marketing and credit and show results. Technology transfer is closely tied up with such initiatives and this requires farmer training and extension. This is well understood by firms engaged with small farmers in contract farming, which is often seen as a new hope to instil dynamism into small-scale agriculture. It may be so, but it is necessary to ask whether peasants will be able to benefit from a situation in which buyers may be one or a few large firms - a typical case of monopsony. How

often do farmers in Europe complain about the farm-gate prices they are receiving for milk or potatoes from supermarket chains?

### Rural Roads

4.104 Under ASPS-II, the coverage of the Rural Roads component was extended beyond Manica and Tete to cover Cabo Delgado. The recommendation by the ASR 2007 to reallocate unused funds to Rural Roads is an indication of its continued success.

4.105 An issue arising has been that of identifying candidate roads for upgrading that meet the criteria of the component. The responsibility for this lies with the District Council concerned, drawing from priorities established in the district development plan and assisted by ANE. It is up to the ANE Central to consolidate provincial work plans and quarterly progress reports and keep the component Steering Committee advised on work plans and progress. The SC then endorses the work plans and progress reports and monitors the overall programme and component budget.<sup>20</sup> The economic and social impact on the ground in these remote districts should nonetheless be monitored.

4.106 The LFA in the Project Document (F122, page 24) states that the Rural Roads component indicators are as follows: (i) 60,000 agricultural small holder families [will] benefit from improved road access by the end of 2010; (ii) Improved access (average distance to road passable by vehicle); (iii) Improved livelihood incomes, access to inputs and markets and nutrition.

4.107 In the final chapter, the Project Document explains that in order to monitor the impact of the component, 'ANE / DER will contract a Local Consultant to conduct a baseline study that will provide a framework for future impact studies. The baseline study will identify a number of access indicators that will be directly related to the Rural Roads Component. Impact studies should also include ASPS-I supported activities. ANE should provide the necessary technical support for elaborating the TOR and the study methodology. The baseline study will be followed by impact studies in years 3 and 5.' (F122, page 55-56)

4.108 The Development Partners, who are expecting ProAgri to rigorously monitor the 23 indicators at outcome and/impact level as specified in the ProAgri MOU, will no doubt wish Danida to show the way by insisting on the monitoring of the outcome/impact of the Rural Roads component, 'outside' ProAgri. Will this happen?

### Community Land Use Fund (CLUF)

4.109 The Inception Report for ASPS II (F121) states that the Community Land Use Fund (CLUF) was established in March 2005 through the signature of a MOU between six donors UK (DFID), Netherlands, Ireland, Denmark, Sweden and Switzerland. DFID, the lead donor, has contracted a Fund Manager. Danida signed the Agreement between DFID and the Development Partners in July 2007, committing USD 0.8 million from January 2007 to 31 December 2010. In total, DFID and the Development Partners have committed USD 8.2 million to CLUF.

4.110 The purpose of the fund is to cover the costs of land delimitation and registration of community land in terms of the 1997 Land Law, the Implementing Regulations and the Technical Annex for Delimiting Community Land. Key elements of the Land Law and the importance of the legislation are summarised in Box 4.5.

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<sup>20</sup> ASPS II, Annual Sector Review 2007, *ibid*.

4.111 Support services for communal land delimitation are very weak, both in the public sector and private sector. Service providers are concentrated in Maputo and provincial capitals. Services needed by communities include land rights surveying and registration, legal advice, support with negotiations, resource inventories in planning the development and capacity building for implementation. An independently managed fund which can be accessed at provincial level has been established with the conviction that this is the best way to support both community rights registration and the growth of new service providers. Without the growth of private service providers, the 1997 Land Law will become a dead letter.

**Box 4.5: Key Elements and Background to the Land Law 1997**

The key elements of the 1997 Land Law (*Lei de Terras*) are:

- Land remains the property of the state; communities, individuals and companies only gain use rights (leases).
- Use rights can be transferred but cannot be sold or mortgaged.
- Use rights are gained by occupancy or by the grant by the state of lease of up to 100 years (after which another petition may be presented).
- Formal title documents showing the right to use land can be issued not just to individuals and companies, but also to communities and groups.
- Communities or individuals occupying land for more than 10 years acquire permanent rights to use that land and do not require title documents.
- Courts must accept verbal evidence from community members about occupancy. (Verbal testimony was restricted under the old law, which gave absolute preference to paper titles. This worked against peasants.)
- Titles for use cannot be issued on land already occupied by others.
- Titles for use rights are issued only if there is a development plan; titles are issued provisionally for two years for foreigners and 5 years for nationals and made permanent (for up to 100 years, after which another petition may be presented) if the development is carried out. (Hanlon, 1997)

Chris Tanner and Simon Norfolk conclude a recent study with these words:

“Mozambique made a huge leap forward in formalizing land rights with the 1997 Land Law and its legal recognition of all rights acquired through customary and good-faith occupation. This point alone demonstrates how formalization can be accomplished with a simple shift in perspective, accepting something today as formal or legitimate that yesterday was informal and therefore not legitimate.

In a context of land grabbing and an increasingly aggressive land market ... legal formalization is not always enough. There is a need for a stronger way to protect land rights. This is particularly difficult in a country with a colonial and authoritarian post-independence past that still influences both government administrators and rural people. [This] underlines the importance of non-state actors, such as NGOs and even private investors, and of new approaches, such the Community Land Use Fund, for providing alternative avenues to formalization. The innovative consultation and delimitation processes allow local people to register rights using approaches that are not found in the classical toolkit of Western surveying and registration methods.” (Norfolk and Tanner, 2007, pp. 33-34)

4.112 As pointed out in WP01, the land debate in Mozambique is linked to debates about credit and investment, smallholder or large-scale commercial agriculture, government’s role in development and issues relating to smallholder protections and power. The argument is now swinging in favour of the development of large-scale agriculture – once state, now commercial – and in tune with trends in the region where governments are asking questions about the viability of family farms and are looking to reserve large areas of land for commercial agriculture, including biofuels.

4.113 Under the 1997 Land Law, communities occupying land for more than 10 years acquired permanent rights to use that land. In October 2007, new regulations to the Land Law were introduced limiting the area of land to 1000 ha, which could be approved by the Provincial Governor for registration. For the registration of land between 1000 and 10,000 ha, approval had to be obtained from the Minister of Agriculture. Areas in excess of 10,000 ha had to be referred to the Council of Ministers.

4.114 It is a cause for concern that the Governor, Minister of Agriculture and Council of Ministers now have to **approve** the title document which previously only had to be **witnessed**. Community delimitations normally include areas under cultivation, areas under fallow and areas for sustainable use of forest products. Delimitation does not create community land rights but merely confirms them for the purpose of registration.

4.115 The issue is the new demand for Government approval. Previously approval was not necessary as the Land Law automatically provided a land use right (a DUAT) based on long-term occupation. In practice, the recent decree regarding additional approvals needed for the registration of community land will hugely delay the process of community land delimitation and registration. ORAM, the NGO which specialises in this delimitation work, is said to be most concerned. In practice, the Resolution regarding the additional approvals needed for the registration of community land will probably render the Community Land Use Facility (CLUF) obsolete.

## 5. Overall Assessment and Conclusions

### Criteria

5.1 In this section of the Working Paper, we attempt to assess the performance of the various Danida projects and programmes in terms of the DAC Evaluation Criteria (see Box 5.1) which are outlined and discussed in the DME Inception Report.

#### Box 5.1: Evaluation Criteria

The five DAC evaluation criteria are:

- *Effectiveness*: The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
- *Efficiency*: A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.
- *Relevance*: The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies.
- *Impact*: Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.
- *Sustainability*: The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time.

Source: OECD DAC 2002a (Glossary of Key Terms in Evaluation and Results Based Management).

By the term *Coherence*, is assessed:

- the consistency of Danida programme elements with each other (do/did they complement each other in a positive way?);
- consistency between interventions supported by Danida and the wider activities of the government and other aid partners.

### Fisheries (1992–2002)

#### Relevance

5.2 Danida activities in the fisheries sector in the early part of the DME evaluation period were conceived prior to the economic policy reforms of the late 1980s and the Peace Accord of 1992, but implemented later. By the time they commenced, the assumptions on which the projects were based were often no longer relevant. The problem was compounded by inadequate appraisal, lack of routine monitoring and 'an inflexible top-down approach' (page 22, Danida, 1996) asserted by the project management. In one or two projects (e.g. Institutional Support to the Small-scale Fisheries Sector), the management seemed able to adapt to the rapidly changing circumstances, for example in relation to identifying the approach needed for privatisation. Generally, Danida was slow to respond to the rapidly changing circumstances in the fisheries sector.



5.3 However, in the case of the Renovation of Shrimp Trawlers Project, the inadequate project appraisal, the blue-print approach which was adopted, the failure to question the recipient's financial strength and assess the ability of the shipyard to implement the works, together with a change in government policies, all combined to ensure failure. Again with the Boatbuilding and By-Catch Collection Project, there was no adequate appraisal of the project proposals and a subsequent lack of flexibility, mainly due to the inadequacy of the technical advice and assistance and the failure of Danida to monitor the situation. On a subsequent project, the strengthening of Pemba Boatyard, the recurrence of similar technical problems was avoided when a company-to-company arrangement was set up between a Mozambican and a Danish shipyard, where practical know-how was not in short supply.

5.4 Denmark's support to semi-industrial fisheries was undermined when the strategy on which it was based fell apart. Under pressure from foreign firms and their national patrons, the Mozambique Government departed from the previously agreed Fisheries Master Plan, which required that quotas were held at sustainable levels and that semi-industrial trawlers delivered their daily catch to shore-based processing facilities and did not freeze it on board and keep on trawling. The strategy for the semi-industrial fisheries sector, as outlined in the Master Plan, was also undermined by the dissolution of the Master Plan Coordination Unit in the ministry. The leverage provided by Danida's relatively modest financial support to the sub-sector and the previous announcement of their forthcoming withdrawal in 2000, combined to undermine Denmark's negotiating position.

### **Efficiency**

5.5 This measure relates to the efficiency with which resources were deployed. With regard to economic efficiency, the 1996 evaluation of Danish assistance to the fisheries sector (Danida 1996) concluded that project appraisals had not been backed by adequate financial and economic analysis. As a consequence, the cost of the activities often exceeded the perceived benefits and thus did not represent a justifiable use of scarce resources. The most notorious example was the By-Catch and Boat Building project in which the cost of the by-catch collection boats constructed by the project cost more than four times that estimated at appraisal and took three times the estimated time to deliver. Likewise, the amount of by-catch landed by the project boats represented only 6% of that originally planned (F152).

### **Effectiveness**

5.6 Few if any of the initiatives undertaken in the fisheries sector achieved their overarching or immediate objectives due to problems of planning and preparation, the exigencies of the time, the uncertain government policy framework, and the inadequacies of Danida and MAP management. The most costly and ambitious undertaking, Assistance to Semi-industrial Fisheries, failed to achieve its immediate objectives because of the fundamental divergence of views of MAP and Danida regarding what constituted sustainable management and use of fisheries resources. This precluded the possibility of the shrimp processing and marketing developments in Sofala Province envisaged in the Fisheries Master Plan.

### **Impact**

5.7 No specific impact assessment studies were undertaken at the time. The overall impact of the Danish assistance on fish production, living standards and capacity of human resources must be assessed in very general terms. According to the 1996 evaluation of assistance to the sector (Danida 1996), 'Danish assistance, apparently has not contributed to any significant increase in fish production. However, there are clear indications that the situation would have

been worse without the support' (page 38). With regard to the period between 1997 and 2002, not covered by the 1996 evaluation, it would be difficult to make the case that the situation improved.

## **Coherence**

5.8 The funding of sectoral master planning initiatives has been a feature of Danish development assistance over the years. Such exercises are clearly important in clarifying government policy and in identifying and setting priorities. They are useful from the point of view of the government and the donors. They are most effective when there is full agreement about the actions to be taken on the basis of the master plan.

5.9 In retrospect, a number of questions arise in relation to what was frequently referred to in the documentation as the 'Government of Mozambique's Fisheries Master Plan'. This phrasing was used when Danida found it necessary to remind the government of what was planned and agreed in relation to the need for the sustainable management of fisheries resources, particularly on the Sofala Bank.

5.10 A year after the completion of the Fisheries Master Plan and its ratification by the President, and before the commencement of Danish assistance to the development of semi-industrial fisheries, the authors of the 1996 Danida Fisheries Evaluation had doubts about the long-term impact and sustainability of the Fisheries Master Plan. There was uncertainty about the government's position regarding the management of quotas for the Sofala Bank, a difference of opinion which eventually resulted in the premature closing of Danish assistance to the sector.

5.11 A question arises about the coherence of Danish assistance in terms of the needs of the sector as a whole and Danida's Sector Programme Support. An SPS entails a variety of modalities by which a donor can support a national sector programme. Ideally, an SPS should be part of a SWAp process, but an SPS can support a whole sector, a sub-sector, or a thematic programme that cuts across sectors, such as civil service reform (COWI 2004). Danida decided to focus on the semi-industrial fisheries sector, but withdraw support from the artisanal or traditional sector. It would seem that the decision had been made in 1996 on the grounds that:

"Danish assistance on this aspect of the fisheries sector had achieved only limited success...it was not a case of ignoring the importance of traditional fishing, but choosing a type of input giving the development output where a relevant Danish resource base already existed." (Danish Minister for Development Cooperation, 4 April 1997 – F167).

5.12 The decision was in contrast to the Danida development assistance strategy adopted for agriculture where Danish assistance was directed to the family farming sub-sector. It is difficult to believe that a corresponding decision to support commercial agriculture in Mozambique would have been acceptable, even if there was a prospect of a processing industry to emerge from it, as was the rationale for the support to semi-industrial fisheries.

5.13 Finally, with regard to coherence with what other donors were doing, it was stated at the time that other donors were working with traditional fisheries. But it was not until 2002, that IFAD, with assistance from Norway, eventually helped fill the gap on the Sofala Bank. The semi-industrial sub-sector was being jointly financed by Denmark, Iceland and the NDF and the EC. In July 1997, Danida and ICEIDA agreed that Iceland would take over as lead donor in the semi-industrial sector in January 2000. On several occasions in the course of the previous decade, Denmark had cooperated with other donors in support of the fisheries sector – with

France in the rehabilitation of the shrimp trawlers and with the UK to improve post-harvest processing of the by-catch.

## Agriculture and Rural Development (1992 to 2006)

### Background

5.14 To contextualise Danida's contribution to A&RD, it is apposite to start with the backdrop to the sector during the DME period.

#### *The early period of peace-building and strategy development: 1992–99*

5.15 This was a period of rapid change and sense of achievement on the part of the development partners. Up until about 1995, the donors were concerned to help the nation emerge from 15 years of civil war, to rebuild the country's infrastructure and to sustain it through a traumatic economic recovery programme. It was not until after the mid 90s that the donors began to cooperate on what became known as ProAgri. During this period, the donors (rather than the government) took the lead. A key issue was the need to bring order to the numerous bilateral project interventions in the sector that, among other things, were disabling the Ministry of Agriculture. Denmark was one of the front runners among a group of donors who contested the leadership process with the World Bank (F134). The hosting of the 1997 donor meeting in Copenhagen was a key event. At this meeting an agreement was reached on the fundamental principles and procedures of a sector-wide approach (ProAgri). By choice, it seems that Mozambique's political leadership stepped back from active participation in the process and were not assertive (F134). Under Chissano, it adopted a *laissez faire* attitude – the aid is coming in, let us not rock the boat.

#### *The period of complacency: 2000–2004*

5.16 ProAgri came into being and MADER was courted by a group of donors who, according to well-informed Mozambican sources, were overly paternalistic and insufficiently demanding. The ministry was correspondingly complacent and failed to convince the country's political leadership, the donors or the rural people that it would or could deliver on its commitments in each of the eight programme areas. The generous provision of infrastructure, offices, housing and transport was a source of envy, both in the Capital and the provinces. There were no significant disagreements in the Donor Working Group, except perhaps between the DWG and the World Bank, which was pressing for results, unconvinced that MADER was making good use of the IDA credit. Progress was made with planning and financial systems, but with very little else. Little advance was made in establishing an effective M&E system. In this regard, there was a lack of commitment and leadership from the ministry.

#### *Uncertainty and lack of direction: 2004–2007*

5.17 The current period is one of great uncertainty and lack of direction, partly as a consequence of the changes wrought by the new government. There were long delays in the signing of the ProAgri-II MOU by donors and GOM. The World Bank pulled out with the expiry of the IDA Credit at the end of 2005 and has put its weight into projects in the districts, aiming 'to push ProAgri from below'. There is a continuing void of policy and leadership in the Capital. Meanwhile, the exodus of professional staff from MINAG persists. The ProAgri-I Final Evaluation (PWC 2007), diplomatically critical and more polite than the exchanges between the ministry and donors, underlined what everybody knew, namely that the impact of the SWAp on agricultural production and income in the family farming sector had been negligible. In March 2007, the Programme Partners Group developed the 'PPG Action Plan' with a view to engaging

more strategically and less re-actively in their support of ProAgri (ProAgri Programme Partners Group, 2007).

*Assessment of Danida's response to changing circumstances*

5.18 In the early period, Danida was clearly a forerunner among the donors, responding rapidly to the circumstances in the agricultural sector, but in the two subsequent periods, it has stepped back from its initial leadership rôle.

## **The early period: 1992–99**

*The Tete Agricultural Development Project*

5.19 The DME's assessment of Danida's assistance to agriculture in Tete Province is based largely upon the findings of the CDR evaluation of 2001, commissioned by the Evaluation Secretariat, Ministry of Foreign Affairs in Copenhagen (F009), as well as interviews with officials who were involved in the project.

### Relevance

5.20 The objectives of the Tete Agricultural Project changed over the 15 years of Danida's involvement from 1985. Initially aid was mainly in the form of the emergency provision of agricultural inputs from neighbouring Zimbabwe. In the final period, that is the 'fourth phase' of the project from 1993 to 1999, Danida aimed to 'improve the living standard of primarily the rural population by expanding the exploitation of the agricultural potential of the province', and to achieve this objective by supporting the government extension service. This meant preparing for the eventual takeover of the work by MADER and the provincial authorities, building offices etc. The change in objectives was undoubtedly justified, but not always well-appreciated by past beneficiaries of the programme including many of the better-off farmers and the officials who felt let down by Danida's changing objectives and final departure. The CDR evaluation had little doubt about the result of the decision to hand over to the government extension service. It was clearly not a fast track to achieving poverty alleviation in Tete, neither in the short nor in the medium-term. However, the CDR team concluded the Executive Summary of their report with the observation in Box 5.2. The real relevance of the intervention was perhaps that it contributed significantly to political stability in the region during a very difficult period.

### **Box 5.2: Another perspective on the relevance of the Tete Agricultural Project**

"For fifteen years, the Danish project in Tete has supported the Mozambican Government by maintaining a presence in the province in times of extreme difficulties. It is meaningless to make categorical hypothetical conclusions, but one might speculate to what extent the Mozambican Government would have been able to keep the country together had it not been for support programmes like the Danish Agricultural Development Project in Tete. The project may have been a step on a long road towards a less antagonistic relationship between the state and the peasantry in Mozambique. But also, we might have witnessed a complete collapse of the state in the province, which was avoided. The project played a major role in this. Government support, therefore, might not have led directly to very significant results regarding poverty reduction, but it could have contributed to the political stability of the region, which is often stressed by the population as a prerequisite for any progress in living conditions."

Source: F009

### Effectiveness, efficiency and sustainability

5.21 With regard to the effectiveness and efficiency of the agricultural development work, one Danida official stated that “the scope of work was very limited due to the civil war”, it included “agricultural activities close to the town of Tete, which were a total failure, and in so-called ‘green zones’ in back gardens.” The CDR study referred to the chaotic distribution of resources that prevailed during the war and the very high costs involved. CDR state that, during the final fourth phase, the project never really extended beyond the pilot phase and provided very little assistance to the poor women farmers who were in the majority.

5.22 As for sustainability, it was too costly to continue project activities under ProAgri after 2000. When the CDR evaluation was carried out in 2001, disillusion had set in as a result of the lack of funds. For two to three years, money did not flow from the centre to the province.<sup>21</sup> Danida pulled out three or four years too soon, feeling compelled to abide by the joint agreements reached with the ProAgri donors in Copenhagen in October 1997 and in Maputo in May 1998 (see below).

5.23 **Zambézia Agricultural Project** and the parallel infrastructure project, both of which were managed by Ibis, did not suffer the same problems of the Tete project caused by dissatisfaction of farmers and extension staff. The integration of the Project into the local government structure at provincial level served to strengthen the efficiency of the project and reinforce the institutional capacity at provincial and district level (Nilsson 1996). In one document (F014) there is a reference to a concluding evaluation which found that, while the costs of the project were high, when seen against the relatively limited number of peasants that had benefited, the training activities were judged to have been valuable. According to Danida (F010), the design of the Danida-funded Zambézia project, managed by Ibis, applied a minimalist approach, perhaps more sustainable than that adopted for Tete.

### *Preparation for ProAgri*

#### Relevance and coherence

5.24 In the period 1996–1999, Danida played a leading role in the preparation of ProAgri. An important initiative was the meeting in Copenhagen in October 1997, which secured commitment from the donors to adhere to common principles and procedures for the implementation of ProAgri. A subsequent Joint Donor-GOM Appraisal (with participation of 16 donor-agencies) in May 1998, also funded by Danida, set out the Basic Principles that defined the nature and direction of ProAgri and the Ministry’s transformation. Central to both of these meetings was the agreement to underpin coherence; donors would move away from financing discrete projects. These initiatives were landmarks on the road to donor harmonisation. Denmark’s initiative was highly relevant in terms of the DAC criteria. At that stage, the road ahead seemed clear.

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<sup>21</sup> The CDR review states that ‘after 1999’ [to early 2002, when the study was undertaken] ‘Money did not flow from central levels’ (page 13). This is queried by the financial adviser (both province and central) who states that some money did arrive. Usually the initial first 4-5 months [of a year] were without funds.

## **The period of complacency: 2000–2004**

### *ASPS-I*

#### Relevance and coherence

5.25 The objectives of ASPS-I were consistent with the requirements of the beneficiaries' and the country's needs. ProAgri was central to the strategy for agricultural sector programme support. Beginning in 2000, Danida assiduously disbursed its contribution to the Common Fund in accordance with the inter-governmental agreement. The several components falling 'outside' ProAgri complemented the main thrust, a strategy which was approved by MINAG and other partners. Denmark played its part as an active member of the Donor Working Group in Maputo, without losing sight of the needs of the provinces.

5.26 DME was able to confirm that, in the case of the provinces, the contribution (if not the underlying policy) of the TAs in Manica, Tete and Cabo Delgado was well regarded by the provincial officials and other donors who worked with them. A key issue in the sustainability of local development programmes is how to ensure that funds are transferred to the local level without being swallowed on the way. In grappling with this problem, Danida's planning and financial advisers made a key contribution. In Tete, a computing package was developed that was later disseminated throughout the entire Ministry of Agriculture and served as basis for the conception and development of the Annual Budget and Activity Plans (PAAO) and Quarterly Budget and Activity Plans (PTAOS) for the whole of MINAG.

5.27 Although, as mentioned elsewhere in this paper, former beneficiaries of Danida's assistance in Tete viewed the change to ProAgri differently, so did personnel working in the technical areas in which Danida had been involved for years, i.e. in seed certification and crop protection. Equipment was not renovated and there was no new training as MINAG took over responsibility for funding.

#### Efficiency and Effectiveness

5.28 The responsibility for the shortcomings of ProAgri, referred to in the two recent evaluations (i.e. PWC and ODI) and in the World Bank ICR and summarised in the foregoing sections of this paper, are not specifically those of MINAG or Danida, but all the partners to the agreement. Bilateral and multi-lateral donors shared the chair of the working group. There was an annual meeting in October/November when there was a presentation of the ministries' plans and budgets by the Minister. On that basis, commitments were made for the coming year. There were lengthy sessions to discuss issues. Initially these focused on financial management and later on delays in disbursement. The time and resources dedicated to these issues were out of all proportion to the resources devoted to much-needed capacity development and service delivery in rural areas. The partners became trapped in the means and lost sight of the ends.

#### Impact

5.29 Beyond the institutional reform of MADER, the benefits of Denmark's efforts in the ProAgri arena have yet to bear fruit. With regard to service provision, farm production and sustainable use of natural resources in the family farm sector, the impact has been negligible. If this is an unduly pessimistic conclusion, it is because monitoring systems to measure outcomes are still not in place.

5.30 In retrospect, it can be seen that the policy consensus generated among the donors was not matched by a similar level of commitment by GOM, which was unable to align a wide range of policy frameworks that impinged on the agricultural sector. Clarity became obscured by ideological differences and shifting political preferences. It was not the case that the donors forged ahead in contravention of GOM policies: rather, they were swept along by their own enthusiasm and paid insufficient attention to the fact that they had not carried the country's political leadership with them.

5.31 What were the opportunities forgone? Could the Tete Agricultural Project have been sustained beyond a pilot approach? Could the lessons from the Ibis projects in Zambézia have been applied in other provinces and districts? Could a 'provinces-first' approach have become the basis of a sector programme, instead of what became 'Maputo-first'? This is, of course, speculation, but the questions remain and have been raised before.

5.32 In the archives examined by the DME is a prescient document entitled 'Agricultural Sector Programme for Mozambique', February 1996.

".... For the time being there does not appear to be an alternative to a relatively powerful provincial orientation to the programme. As a main principle, the strengthening of central capacity within agriculture ought to take place in response to needs expressed by the regions, if the spirit of decentralisation is to be followed. This applies both to administrative as well as to the more technical aspects, e.g. research and extension. It is recommended that the weight of the programme be placed in some selected provinces with support to national functions of importance for the regional activities as well as of importance for overall national planning and coordination of donor efforts." (F078, page 2, translated from Danish)

5.33 As for the other two main ASPS-I components, Rural Roads in Manica and Tete, were reported to have gone well and been of direct benefit to the local people. However, independent M&E reports were not made available to the DME to back up this judgement. As noted in the foregoing chapter, the performance of the Private Sector Development Initiative, ADIPSA, was a disappointment.

## **Uncertainty and lack of direction**

### *ASPS-II 2006–2010*

5.34 The most recent phase of ASPS has commenced only recently and it is too early to reach a conclusion on overall programme performance. Nonetheless, evidence is accumulating that the programme could represent a wasted opportunity. The planning for ASPS-II stretched over 2004 and 2005. The initial two years of implementation of ASPS-II have been marked by continued uncertainty over the future of ProAgri, above all what it can achieve at district level to meet the needs of poor farmers. Lack of relevance and coherence of the programme continues to develop as the synergy of the components diminishes. Under ASPS II, there has been no fundamental change to the approach adopted in the first phase. Danida is probably missing the opportunity to contribute its substantial know-how to the process of rural development in Mozambique.

## **Assessment and some thoughts on alternative approaches**

5.35 With the overarching goal of improving the living conditions of small farmers in Mozambique, Danida is involved in a sector programme with the immediate objective of

improving access to agricultural services and land resources. Danida's 'target provinces' are currently Nampula, Maputo Manica, Tete and Cabo Delgado.

5.36 The chosen means of achieving these objectives may be summarised as follows:

- Danida contributes to ProAgri which aims to improve the quality and outreach of extension services, informed by appropriate agricultural research – important core functions of MINAG. An agricultural research adviser is located in Sussundenga ZRC,<sup>22</sup> Manica Province advising on research and extension in the central provinces of Mozambique (Manica, Tete, Sofala, Zambézia), a Natural Resource Management Adviser in Manica (to strengthen the performance of the DPA in sustainable natural resource management) and two advisers located in the Ministry HQ in Maputo.
- Danida assists with funds for the purpose of securing the tenure of small farmers (CLUF funds are available for use in Manica, Cabo Delgado and Gaza).
- Outside ProAgri, Danida aims to work with the private sector, devising and testing ways and means of improving market access and the availability of farm credit. (ADIPSA is to operate in Manica, Tete, Cabo Delgado and Nampula with a CMU located in Maputo; two or three advisers are assigned to the component).
- Danida assists ANE with funds for road maintenance, in the expectation that the delivery of farm inputs and outputs will be improved. (Support provided to rural roads in Manica, Tete and Cabo Delgado; an adviser is assigned to the component).

5.37 One has to ask if Danida is spreading its efforts too thinly. In all those years in Tete, Danida was able to 'focus' on only two or three districts. In addition to the problems posed by the lack of geographical focus, there is also the wide scope of subject matter which the programme is aiming to tackle. With the changes at provincial and district level that are emerging from GOM's decentralisation policies, the situation of ProAgri and the allocation and use of ProAgri funds at district level has changed greatly.

5.38 Danida is striving to provide assistance (directly or indirectly) to all the functional components of the agricultural system – extension, research, marketing, credit, input-supply, road access, land administration and also to the institutional development of the Ministry at district, provincial and national level. Danida could rightly argue that all these warrant attention if farmers' production and incomes are to increase and living standards are to improve in the countryside. Nonetheless, it is difficult to support so many interventions over so large an area, with different agro-ecologies and with farmers at different stages of development and in provinces and districts with different leadership, policies and approaches.

5.39 If the current programme were not challenging enough, one notes the following recommendation in a recent Sector Review:

"It is recommended to select 2-3 pilot districts where different extension models can be tested over a couple of years. This should be given high priority and started soonest possible so that the experience gained can be incorporated in the general system when rolled out. Funding should in principle come from the CFFM. If this is not possible other funding modalities should be worked out." (Danida, 2007)

This is an important proposal, but a 'pilot project' of this nature will need to be carefully nursed, especially if it is geographically isolated from other components.

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<sup>22</sup> RDE has informed the DME that the Sector Review 2007 recommended the agricultural research and extension position in Sussundenga should not be continued with the expiry of the adviser's contract in November 2007.



5.40 Would not a more joined-up approach make more sense? Danida's current 'spot treatment' does not offer much prospect of a measurable improvement in living conditions in Danida's target provinces, even if it works well for rural roads. Would it not be possible for Danida to continue with Sector Budget Support (i.e. ProAgri) and at the same time tighten its focus on just one province? Is that not what Sida and Irish Aid are doing with their assistance to Niassa? (Box 3.1). This issue was raised in the design of ASPS-II, but it was decided not to depart from the modalities adopted under ASPS-I. Perhaps the topic should be revisited for the next phase of ASPS, if not before.

### **Concluding comment on the overall strategic direction of Danida support to A&RD and Fisheries**

5.41 This Working Paper assesses Danida's project and programme interventions in support of economic development in the rural areas of Mozambique over the period 1992–2006. The backdrop to the review is provided by three decades of social and political upheaval and economic crises, exacerbated by periodic flood and drought.

5.42 In 1992, Danish assistance was predominantly engaged in supporting a relief operation in provinces seriously affected by the civil war. For example, assistance in the form of agricultural training, farm inputs and the rehabilitation of basic infrastructure was handled by a Danida-staffed project in Tete Province and contracted to an NGO in Zambézia. The assistance was generally well received by the relatively small number that benefited. At the same time, technical support was provided for government undertakings that would not have been suitable for funding under normal circumstances. These included plant quarantine work at the ports, agricultural activities close to towns, and state-owned fishery enterprises about to be privatised.

5.43 By the mid 1990s, Danida was endeavouring to move from relief to development assistance in Tete and Zambézia. This was not straightforward because farmers and extension workers had to be weaned off a decade or more of relief assistance. Despite the difficulties encountered, the achievements of this period are recalled with pride by officials and former cooperantes who worked with farmers and fisherfolk.

5.44 At this time (1995), Danish assistance to agriculture and fisheries moved in paradoxically different directions. While Danida's agricultural advisers took account of how the majority of rural people actually organized their lives and warned against aid to large-scale enterprises, the fisheries experts focused their attention on the semi-industrial sub-sector. At the time, the Mozambique Channel teemed with marine life because the civil conflict had reduced fishing. When in the mid-1990s exploitation became possible, the Nordic countries with the help of their 'home resource base', helped the Mozambicans to exploit their marine resources. From 1995, Denmark took a lead rôle in the development of the semi-industrial fisheries sub-sector, despite their stated intention to withdraw its support to fisheries in 2000. For them, with whom MONAP had worked over the previous decade, there was to be no 'peace dividend'. Their traditional livelihood has now been undermined by over-fishing by mechanically powered vessels close in shore over a decade or more.

5.45 Meanwhile, modest successes were being achieved by provincially based A&RD projects in Tete and Zambézia. As peace spread through the countryside and displaced people returned to their farms, donor-funded agricultural and rural development projects multiplied.

At this stage, there were two main options for the development of the government's agricultural administration: a proliferation of centres, or a centre-periphery model, i.e:

- i) Building the technical capacity in provinces with agricultural potential and strengthening central support services in response to the needs expressed by the regions, or
- ii) Institutional strengthening of core agricultural functions located in the Capital, followed by eventual decentralisation of responsibility to the provinces and districts.

5.46 The FRELIMO government favoured the second and so did the donors. As a Danida-commissioned study of the Tete Agricultural Project revealed, it was probably the wrong choice, in view of the size of the country and the great distance from Maputo of the intensive agricultural areas in the Central and Northern regions. The transition was neither smooth nor logical. Neither the Danida-employed personnel nor the DPA officials and extension workers believed in it. The NGOs were not keen either. Ibis, in Quelimane, Zambézia, elected to relocate its activities to the district level.

5.47 In Maputo and Copenhagen, Danida officials worked hard with other donors to launch ProAgri, the first Sector Wide Approach (SWAp) for agriculture in sub-Saharan Africa. A key issue was the rationalisation of the numerous short-term, uncoordinated, bilateral rural development projects throughout the country, which among other things undermined the ability of the Ministry of Agriculture to perform its core functions. The hosting of the 1997 international donor meeting in Copenhagen was a key event. An agreement was reached on the fundamental principles and procedures of the SWAp. It was decided that donors would move away from financing discrete projects and instead commit funds to a commonly agreed programme. In an effort to provide more effective aid, the donor partners committed themselves to making greater use of the financial and management systems of the government and harmonising the way aid was delivered. Thus, with regard to the agricultural sector, Danida was responding to the changing circumstances and the perceived needs of Mozambique. It took a leading rôle in the process.

5.48 ProAgri-I (1999–2005) came into being, but in the initial years there were serious delays in getting resources to the countryside. It took longer to establish than anyone imagined. The Ministry failed to convince the country's political leadership, the rural people and the donors that it could deliver on its commitments. The generous provision of infrastructure, offices, housing and transport to MADER caused envy in other ministries, both in the Capital and the provinces. The donors, among them Danida, are reported to have been overly paternalistic and insufficiently demanding. Progress was made with the planning and financial systems, but little else. No advance was made in establishing an effective M&E system. The ProAgri-I Final Evaluation found that the impact of the SWAp on agricultural production and income in the family farming sector had been negligible. Some donors have pulled out, but others have joined. Under ProAgri-II (2006–2010) there is reported to be a void of policy and leadership. The ministry (MINAGRI) has become isolated in Maputo while fundamental changes are taking place in the arrangements for the disbursement of funds and for agricultural administration and its implementation in the districts.

5.49 When ProAgri came into being, some donors put most of the funds they had available for A&RD into the ProAgri basket. Others made nominal contributions, sufficient to allow them a place at the table, but meanwhile continued to fund activities in provinces which they had previously supported. Under ASPs-I, Danida adopted a different strategy, splitting its

contribution to the A&RD sector between the ProAgri common fund and two separate, but complementary, components outside ProAgri and in several provinces, namely the maintenance of rural roads and support to private-sector development. The first was managed by the National Roads Administration, the other by a new structure set up for the purpose. Another important element was the strategic deployment of Technical Assistance. ASPS-II continues with these components, albeit appropriately modified and now dispersed over even more provinces, with less TA deployed than before. Neither sector budget support nor the PSD initiative is living up to expectations.

5.50 Since the elections in 2004, government policies for the sector have changed. For example, as part of these decentralisation efforts, districts are now eligible for direct budget funding. It remains to be seen if Danida can modify its current A&RD approach in support of the new political direction or whether it will choose to redesign it. The dilemma is to capitalise on investments made to date, perhaps continuing with sector budget support (or moving to GBS), while sponsoring the delivery of a more decentralised yet integrated multi-sectoral model of rural development, in line with changing government policy. It may be more difficult for Danida to adapt its current sector programmes than it is for other donors who have maintained a tighter geographical focus and a more integrated and internally coherent approach to development assistance.

## References

The F-number references refer to the documents collected during the Pre-Study,<sup>23</sup> and listed in full in the revised Annex 8 of that study. All the F-number documents are in the pre-study CD-ROM of electronic documents.

<b>F-number</b>	<b>Title</b>	<b>Author</b>	<b>Date</b>
F009	<i>Poverty Reduction through Government Support? An Aid Impact Study of the Danish Agricultural Development Project in the Tete Province, Mozambique.</i>	Adam, Y. and Nielsen, H., CDR	2001
F010	<i>Landbrugsrådgivningsprojekt i Zambézia provinsen: Styrelsesnotits 15. juni 1988.</i> [Board Note, translated]	Danida	June 1988
F014	<i>Landbrug i Zambézia provinsen</i> [translated]	Danida	1999
F071	<i>Appraisal of Sector Programme Support. Agricultural Sector. Mozambique.</i>	Denconsult a/s	June 1997
F075	<i>Agriculture Sector Programme Support, Phase I Styrelsesnotits 11.08.1999</i> [Board Note, translated]	Danida	August 1999
F077	<i>Notits til (...). Revision af landestrategien for Mozambique, sektorstrategi for landbrugssektoren</i> [translated]	Danida	1994
F078	<i>Agriculture Sector Programme Support, Phase I Notits til S.7. Sektorprogram landbrug for Mozambique</i> [translated]	Danida	1996
F088	<i>Agricultural Sector Programme Support. Main Document for Mozambique</i>	Danida	July 1999
F089	<i>Promotion, Development and Implementation of the IPM Approach within the Agricultural Sector in Mozambique</i>	Danida	2002
F090	<i>Mandate Memorandum Annual Review of Danish Sector Programme Support to Agriculture and Joint Government-Donor Review of PROAGRI in Mozambique</i>	Danida	April 2001
F093	<i>Background document. Annual Review of Danish Sector Programme Support to Agriculture and Joint Government-Donor Review of PROAGRI in Mozambique</i>	Danida	May 2001
F094	<i>Agriculture Sector Programme Support, Phase I Annual Sector Review Agreement 2001</i>	Danida	2001
F096	<i>Agricultural Sector Programme Support. 2nd Annual Sector Review Agreement. April 2003</i>	Danida/GOM	April 2003
F098	<i>Mozambique. Strategy for the Danish Development Cooperation Programme. Agriculture</i>	Adam, Y.	Undated, probably 1992
F101	<i>The National Programme for Agricultural Development (PROAGRI). Common Flows of Funds Mechanism (CFFM). Memorandum of Understanding</i>	GOM and Donors	May 2001

<sup>23</sup> NCG (2007) Pre-study, commissioned by MFA Denmark and MPD Mozambique.

<b>F-number</b>	<b>Title</b>	<b>Author</b>	<b>Date</b>
F109	<i>Review of Danida-supported Extension and Research Activities within the Agricultural Sector Programme Support (ASPS). Final Report. Mozambique.</i>	Danida	June 2002
F112	<i>Inception Report. Rural Roads Component. ASPS financed by Danida</i>	Danida	April 2001
F116	<i>Mozambique. Appraisal of the second phase of Danida's Agricultural Sector Programme Support. ASPS II. Appraisal Report</i>	Danida	July 2005
F117	<i>Agriculture Sector Programme Support, Phase II Styrelsens møde den 16. november 2005. Uddrag af referat fra Styrelsens møde vedr. Dagsordenpunkt 14 [Board Minutes, translated]</i>	Danida	November 2005
F118	<i>Agriculture Sector Programme Support, Phase II Styrelsesnotits. 16. November 2005 [Board Note, translated]</i>	Danida	November 2005
F119	<i>Concept Paper. 2nd Phase of Agricultural Sector Programme Support. Mozambique. ASPS II.</i>	Danida	June 2004
F120	<i>Government Agreement on Agriculture Sector Programme Support, Phase II</i>	RDE/GOM	November 2005
F121	<i>Mozambique. Agricultural Sector Programme Support Phase II (ASPS II). INCEPTION REVIEW REPORT. Final</i>	Danida	December 2006
F122	<i>Mozambique. Agriculture Sector Programme Support. Phase II. ASPS II. Programme Document</i>	Danida/GOM	October 2005
F134	<i>Final preparations of PROAGRI NOTITS. Donormøde om PROAGRI [translated]</i>	Danida	1997
F135	<i>PROAGRI donor coordination meeting in Copenhagen. October 23-24 1997. Conclusions</i>	Danida	October 1997
F136	<i>Final preparations of PROAGRI Styrelsens besigtigelsesrejse til Mozambique den 26.9 - 4.10 1998. 5.b: landbrugssektoren [translated]</i>	Danida	October 1997
F137	<i>Final preparations of PROAGRI Styrelsens besøg i Mozambique 25.4 - 3.5 1998. 5.g: landbrugssektoren [translated]</i>	Danida	May 1998
F138	<i>Final preparations of PROAGRI Standard Project Completion Sheet: Initially Planning and Institutional Reform within PROAGRI</i>	Danida	October 2000
F143	<i>Bådebygnings- og rejebifangstprojekt Styrelsesnotits 20. marts 1991 [Board Note, translated]</i>	Danida	March 1991
F144	<i>Agriculture (Fishery): Bådebygnings- og rejebifangstprojekt Styrelsesnotits. 10. november 1993 [Board Note, translated]</i>	Danida	November 1993
F148	<i>Udarbejdelse af masterplan for fiskerisektoren Styrelsesnotits. 12. februar 1992 [Board Note, translated]</i>	Danida	February 1992
F149	<i>Fishery Sector Programme Support Akt 431. 27. august 1996 [translated]</i>	Danida	August 1996

<b>F-number</b>	<b>Title</b>	<b>Author</b>	<b>Date</b>
F151	<i>Styrelsesnotits. 12. februar 1992</i>	Danida	February 1992
F152	<i>Institutionel støtte til sifiskeriet i Mozambique</i> <i>Fisheries Sector Evaluation. Technical Assistance to Boatbuilding</i>	Danida	December 1995
F154	<i>Fishery Sector Programme Support</i> <i>Programme agreement</i>	RDE	March 1992
F155	<i>Fishery Sector Programme Support</i> <i>Programme agreement</i>	RDE	October 1996
F166	<i>Fishery Sector Programme Support</i> <i>Fiskeri og strategi i Mozambique af Vibe Johnsen [translated]</i>	Johnsen, V.	Undated 1997
F167	<i>Fishery Sector Programme Support</i> <i>Kommentar til artikel af Vibe Johnson om dansk støtte til fiskeri i Mozambique [translated]</i>	Danida	September 1997
F170	<i>Letter to Prime Minister concerning potential over-exploitation of shrimp resources</i>	Danida	April 1998
F182	<i>Fishery Sector Programme Support</i> <i>Addendum to Lead Agency Agreement of July 7, 1997 between Danish Ministry of Foreign Affairs and Nordic Development Fund</i>	Danida	2000
F183	<i>Draft Programme Completion Report. SPS to the Semi-Industrial Fisheries Sector in Mozambique</i>	Ministry of Fisheries, Maputo	2002
F184	<i>Sector Programme Support Document. Semi-Industrial Fisheries Sector. Mozambique</i>	Danida	July 1996
F189	<i>Denmark-Mozambique. Annual Sector Review Agreement. Fisheries Sector (1) [translated]</i>	Danida	April 1998
F240	<i>Annual Consultations . Agreed Minutes</i>	Danida	July 1999
F243	<i>Agreed Minutes of the Annual Consultations on the Mozambican-Danish Development Cooperation Programme.</i>	Danida	April 1995
F278	<i>NOTITS. Styrelsens møde den 16. August 1995. Dagsordenspunkt 5. Bistandsforhandlinger med Mozambique (1) [translated]</i>	Danida	August 1995
F399	<i>Perspektivanalyse og bistandsstrategi for Mozambique [translated]</i>	Danida	1988
F1247	<i>Infrastrukturprojekt i Zambézia [translated]</i>	Danida	1999

The full list of **Working Papers** for this Evaluation is:

Perception Study (Ann Bartholomew, with Amélia Cumbi, Alícia Calane, et al)

01: Political and Social Context (Martin Adams)

02: Agriculture (Martin Adams)

03: Education and Health (Muriel Visser-Valfrey)

04: HIV/AIDS (Kerry Selvester)

05: Energy (Mette Visti)

06: Environment (Martin Adams)

07: PFM (Alex Warren-Rodríguez)

08: Governance, Justice and Democracy (Simon Norfolk, Alícia Calane)

09: Private Sector Development (Ann Bartholomew)

10: Provincial Aid and Tete (Amélia Cumbi, Alex Warren-Rodríguez)

11: Danida Programme Management (Mette Visti)

12: Capacity and TA (Ferry Philipsen)

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